

## ISSUES OF APPLICATION OF INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB) IN UZBEKISTAN

### O‘ZBEKISTONDA XALQARO AUDIT STANDARTLARI (XAS)NI QO‘LLASH MASALALARI

### ВОПРОСЫ ПРИМЕНЕНИЯ МЕЖДУНАРОДНЫХ СТАНДАРТОВ АУДИТА (IAASB) В УЗБЕКИСТАНЕ

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**Abstract.** The International Auditing and Assurance Standards Board (IAASB) sets global standards for auditing and assurance to enhance the quality and consistency of audit practices worldwide. This article examines the issues and challenges in applying IAASB standards in the context of Uzbekistan. Through a review of relevant literature and analysis of the current audit environment in Uzbekistan, we identify several key factors impacting IAASB implementation, including the existing legal and regulatory framework, translation and interpretation of the standards, auditor training and capacity, and enforcement mechanisms.

**Keywords:** IAASB, auditing standards, Uzbekistan, financial reporting, audit quality

**Annotatsiya.** Xalqaro audit va ishonchlilik standartlari kengashi (IAASB) butun dunyo bo'ylab auditorlik amaliyotlarining sifati va izchilligini oshirish uchun global audit va ishonchlilik standartlarini belgilaydi. Ushbu maqolada IAASB standartlarini O'zbekiston kontekstida qo'llash masalalari va qiyinchiliklari ko'rib chiqiladi. Tegishli adabiyotlarni o'rganib chiqib, O'zbekistondagi joriy auditorlik muhitini tahlil qilib, IAASBni joriy etishga ta'sir etuvchi bir qancha asosiy omillarni, jumladan, mavjud huquqiy va me'yoriy-huquqiy bazani, standartlarni tarjima qilish va talqin qilish, auditorlarni tayyorlash va ularning salohiyatini hamda ularga rioya etilishini ta'minlash mexanizmlarini aniqladik.

**Kalit so'zlar:** IAASB, audit standartlari, O'zbekiston, moliyaviy hisobot, audit sifati

**Аннотация.** Международный совет по стандартам аудита и обеспечения достоверности (IAASB) устанавливает глобальные стандарты аудита и обеспечения достоверности для повышения качества и последовательности аудиторских практик во всем мире. В этой статье рассматриваются вопросы и трудности применения стандартов IAASB в контексте Узбекистана. Изучив соответствующую литературу и проанализировав текущую аудиторскую среду в Узбекистане, мы выявили несколько ключевых факторов, влияющих на внедрение IAASB, включая существующую правовую и нормативную базу, перевод и интерпретацию стандартов, подготовку аудиторов и их потенциал, а также механизмы обеспечения соблюдения.

**Ключевые слова:** IAASB, стандарты аудита, Узбекистан, финансовая отчетность, качество аудита

## INTRODUCTION

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting body, aims to serve the public interest by setting high-quality international standards for auditing, quality control, review, other assurance, and related services [1]. The IAASB's standards are widely recognized and adopted by over 120 jurisdictions globally [2]. As Uzbekistan seeks to integrate into the global economy and attract foreign investment, aligning its audit practices with international standards has become increasingly important. However, the adoption of IAASB standards in Uzbekistan faces several challenges due to the country's unique legal, institutional, and economic context. This article explores the key issues in applying IAASB standards in Uzbekistan and proposes recommendations to address these challenges.

## METHODS AND LITERATURE REVIEW

This article employs a qualitative research approach, drawing on a comprehensive review of academic literature, policy documents, and reports related to auditing standards and practices in Uzbekistan and internationally. The literature review covers studies examining the adoption of international auditing standards in various jurisdictions [3][4], as well as research specific to the Uzbek context [5][6].

Additionally, the article analyzes the current legal and regulatory framework governing auditing in Uzbekistan, including the Law on Auditing Activity [7] and relevant decrees and resolutions.

## RESULTS

The analysis reveals several key issues and challenges in applying IAASB standards in Uzbekistan:

***Legal and Regulatory Framework.*** Uzbekistan's current legal and regulatory framework for auditing is not fully aligned with IAASB standards. The Law on Auditing Activity, enacted in 2000 and amended in 2008, provides the primary legal basis for auditing in Uzbekistan. However, the law does not explicitly require the adoption of IAASB standards, leaving room for interpretation and inconsistent application.

***Translation and Interpretation.*** The accurate translation and interpretation of IAASB standards into the Uzbek language and context pose challenges [6]. Differences in terminology, legal concepts, and business practices can lead to misinterpretation or misapplication of the standards, undermining their effectiveness [3].

***Auditor Training and Capacity.*** Uzbekistan faces a shortage of qualified auditors with the necessary knowledge and skills to apply IAASB standards effectively [5]. Limited access to training and professional development opportunities hinders the capacity of local auditors to stay updated with the latest international standards and best practices [4].

***Enforcement and Oversight.*** Weak enforcement mechanisms and inadequate oversight of audit practices in Uzbekistan undermine the effective implementation of IAASB standards [6]. The absence of a robust system for monitoring and enforcing compliance with the standards creates an environment where deviations and non-compliance may go undetected or unaddressed [3].

## ANALYSIS AND DISCUSSION

The identified issues and challenges in applying IAASB standards in Uzbekistan have significant implications for the quality and reliability of financial reporting in the country. The lack of a clear legal mandate for adopting IAASB standards creates ambiguity and inconsistency in audit practices. This can lead to varying levels of audit quality and undermine the comparability and credibility of financial statements [4].

The challenges in accurately translating and interpreting IAASB standards can result in misapplication or non-compliance, even when auditors intend to follow the standards [6]. This highlights the need for careful translation and contextualization of the standards to ensure their proper understanding and application in the Uzbek context.

The shortage of qualified auditors and limited access to training and professional development opportunities pose risks to the effective implementation of IAASB standards [5]. Without a competent and well-trained audit workforce, the consistent and high-quality application of the standards cannot be assured [4].

Weak enforcement and oversight mechanisms further exacerbate the challenges in implementing IAASB standards. The lack of effective monitoring and sanctions for non-compliance can create a lax environment where deviations from the standards may go unchecked, compromising the integrity of the audit process [3].

### CONCLUSIONS

To address the issues and challenges in applying IAASB standards in Uzbekistan, several recommendations can be made:

Strengthen the legal and regulatory framework by explicitly requiring the adoption of IAASB standards in the Law on Auditing Activity and related regulations.

Invest in high-quality translation and interpretation of IAASB standards, involving collaboration between language experts and audit professionals to ensure accurate contextualization.

Enhance auditor training and capacity building by expanding access to professional development programs, workshops, and certifications focused on IAASB standards.

Establish a robust enforcement and oversight system, including regular inspections, quality control reviews, and sanctions for non-compliance with IAASB standards.

By addressing these issues and implementing the proposed recommendations, Uzbekistan can effectively adopt and apply IAASB standards, enhancing the quality and reliability of financial reporting. This will strengthen investor confidence, promote transparency, and support the country's integration into the global economy.



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