

Problems of Audit Organization in the Context of Digitalization of the Economy



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ABSTRACT: The article discusses the organization of audit in the Republic of Uzbekistan in the digital economy. It is also based on the fact that in the context of the digitalization of the economy, significant changes will occur in the theoretical aspects of audit, its practice, methods and the audit process.

KEYWORDS: Audit, Auditing Activities, Digitization Of The Economy, "Big Four, Audit Services.

INTRODUCTION

Audit in our country develops and improves every year. The legal framework for auditing is also being improved and strengthened. A clear example of this is the adoption of the Law of the Republic of Uzbekistan "On Auditing" No. ZRU-677, signed on February 25, 2021. This law is a regulatory legal document that meets international standards for organizing audit in our country. Article 3 of this law recognizes "auditing - business activities of audit organizations to provide audit services" [1]. One of the main requirements of the law is to adapt auditing to the conditions of the digital economy.

LITERATURE REVIEW

So, how is auditing organized in the context of the digitalization of the economy? Under such conditions, there are many changes in the audit activity, organization and methodology of audits. In this regard, the following views of V.A. Yakimova (2020) can be cited: "In the current context, there are paradigmatic changes in audit, its form is changing from traditional to intellectual audit, and its methodology is based on technology" [2]. This indicates that the audit will gradually move to digitalization.

In the context of the digitalization of the economy, the development of a digital audit model is required. According to the Chairman of the Accounts Chamber of the Russian Federation A. Kudrin (2020), it is possible to switch to digital audit in Russia within 3 years. He writes that the first step is to digitize the financial audit. Continuing A. Kudrin's opinion, we create a digital audit model - which means that when the auditor goes to the object, he is ready with all the pieces of data for the audit to be performed on it [3].

According to V.V. Pankov (2019), the traditional audit of information in the reports does not meet current requirements. So it's time to look for new decisions. Continuing his opinion, V.V. Pankov concluded that the methodology of future audit is based on a risk-oriented concept [4]. Therefore, in the digital economy, it is expected that there will be significant changes not only in the theoretical aspects of audit, but also in its practice, method and audit process.

According to I.I. Meliev and B.M. Dagarov (2020), in order to achieve the goal of organizing and conducting remote audit services, not only the use of IT tools, but also the introduction of advanced automated audit programs, financial analysis programs, electronic digital signature services and This can be achieved by appointing an auditor to certify the quality of the audit services provided [5].

H.H.Saydivaliev (2020) on digitalization of audits include international audit companies (analytical program Deloitte "Optix", KPMG "Watson", "Clara" smart audit platform, as well as in conjunction with Microsoft Excel Benfords Law Analysis programs) study advanced technologies such as drones, digital audit, data mining, robotization of audit operations, blockchain, artificial intelligence, analytical software and their effectiveness in auditing, and suggest their use in the practice of national audit organizations [6].

According to Z.N. Kurbanov (2020) in the context of the development of the digital economy, new objects of accounting

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will appear and require improvement of its methodology. This also applies to direct audits [7].

D.V.Varlamova and L.D. Alekseeva (2020) defines digital audit: "Digital audit is the creation of the necessary conditions for the audit at each stage of product development" [8].

N. Kozlova (2021) envisions digitalization of audits as follows: "Digitization of audits is a complete remote audit of enterprises" [9].

According to A.V. Petukh and M.F. Safonova (2019): "With the development of digital audit, there will be a transformation in the technology of audit"[10].

According to N.A. Antipenko and D.Yu. Busygin (2019), in the digital economy, a new object of accounting - a digital (token). It follows that transactions involving digital signage must also be audited [11].

ANALYSIS AND RESULTS

Auditing activities usually include auditing and services provided.

In this regard, Article 31 of the Law of the Republic of Uzbekistan "On Auditing" No. ZRU-677 stipulates that audit organizations provide audit services in the form of audits and related services.

Article 33 of the law states that audit firms provide the following related services:

Establishing, restoring, maintaining and preparing financial statements, including financial statements in accordance with International Financial Reporting Standards;

audit commission (auditor) of the legal entity, performing the functions of a trust manager of investment assets;

advising on accounting and financial reporting;

Advising on the application of tax legislation, calculations and declarations on taxes and fees, in the presence of a tax adviser in the staff of the audit organization or with the involvement of him on the terms of the contract;

financial and economic analysis and financial planning, including business planning, economic, financial consulting and management consulting;

conducting seminars and conferences on accounting, auditing and financial reporting, taxation, analysis of financial and economic activities and financial planning;

automation of accounting and financial reporting, development of recommendations for information security of financial information [1].

206,352.4 million soums received from audit services in the country. UZS 67.6% from audits and only 32.4% from other services [12]. In the Russian Federation, this figure is as follows: 58.2% of total revenues come from audits and 41.8% from other services. [13] From the above, it is clear that in our country it is necessary to increase revenues from auditing activities from other services. This is especially important in the context of the digital economy.

An analysis of the economic literature shows that in the digital economy, the methodology of audit will change, the audit will be continuous. This is because the information and accounting data based on information technology are constantly checked by auditors, who prepare the audit report and issue an audit opinion in a timely manner and in the prescribed manner.

The question may arise as to whether there is a legal basis for this. Yes, Article 34 of the Law "On Restrictions on Auditing" states that "an audit organization shall not have the right to conduct an audit of the same business entity for more than seven consecutive years." marked as. It follows that the audit organization has the right to conduct an audit of one business entity for seven consecutive years. If the audit organization has entered into an agreement with one business entity to conduct an audit for 5 or 7 years, the audit may be conducted continuously during this period.

The following are examples of this. The audit of the financial statements of the largest in the Russian Federation: PAO "Neftyanaya Company LUKOIL" (2021) has been conducted for several years by the audit firm JSC "KPMG" [14]. The situation is similar in "Uzbekneftegaz". The consolidated financial statements of "Uzbekneftegaz" for 2016, 2017 and 2018, prepared in accordance with IFRS, were audited by "Ernst & Young", one of the world's four largest international audit companies, in accordance with "International Standards on Auditing" (ISA). Significantly, on June 5 and November 24, 2020, a positive audit opinion was obtained[15].

In the context of the digital economy, the widespread use of practical digital technologies created and used by firms in auditing is becoming increasingly important. In this regard, V.A. Yakimova has published the following "Express Audit": "PROF", "Auditor's Assistant", Audit Expert; Audit XP, "Complex Audit"; Audit NET; It has highlighted the importance of IT Audit and other digital technologies [2]. These digital technologies are used in practice by the largest audit companies in the world and the Russian Federation. This indicates that large audit firms are adapting to the demands of the digital economy. For example, this can be seen in the volume of services provided to clients in 2019 by the world's "Big Four" audit companies (Table 1).

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Table 1. Key Performance Indicators of the World's "Big Four" Auditing Companies in 2019 [16]

Companies	Income	Number of employees	Laramad corresponding to 1 employee	Year	Location of headquarters
<u>Deloitte</u>	\$46,2 billion	312 028	\$148 077	2019	United Kingdom / United States
<u>PwC</u>	\$42,45 billion	276 005	\$153 794	2019	United Kingdom / United States
<u>EY</u>	\$36,4 billion	284 000	\$128 169	2019	United Kingdom / United States
<u>KPMG</u>	\$29,75 billion	219 281	\$135 671	2019	Holland

The table shows that in 2019, "Deloitte" will be the most profitable audit company. "Deloitte" had revenue of \$ 46.2 billion in 2019, followed by PwC with revenue of \$ 42.45 billion. It should be noted that the audit companies of the "Big Four" employ about 1 million people. Based on the above, 99 audit organizations and 572 auditors operating in the country need to adapt to the requirements of the digital economy.

According to the World Economic Forum, by 2025, about 30% of audits will be conducted using intelligent information technology [17]. "According to a report by "Deloitte & Touche", the firm's revenue is expected to increase by 23% in 2019 and 30% by 2022 due to the use of digital technology in audits [18].

CONCLUSION

In short, based on the above, we can conclude that the digital economy will undergo radical changes in the organization and methodology of auditing. The use of artificial intelligence information technology in audits is expanding. At the same time, it will be necessary to create conditions for software developers using artificial intelligence technologies to use digital data and ensure the rapid digitization of the relevant data of their organizations.

Such changes require the introduction of appropriate amendments to the legal regulations relating to auditing. We propose to develop international audit standards that meet the conditions of the digital economy, or make appropriate changes to existing ones.

Most importantly, we recommend retraining auditors to adapt to the requirements of the digital economy and internships in developed foreign countries..

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