

LICENSING PROCEDURE OF AUDITING ACTIVITIES IN UZBEKISTAN AND CURRENT RESULTS.

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Annotation:

License (lat. licentia - permit, right) - a permit issued by competent state authorities to carry out foreign trade activities. One of the ways to control export and import, foreign currency spending. Usually, it is granted for one year, the permission of the owner of technical, economic, scientific innovations to use them on the basis of a contract. Of course, auditing organizations must also have a license to conduct company audits. This article describes the cases of rejection of the request for a license and the application.

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The high level of professional skills of auditors is a guarantee of the highest level of audits and professional services. That is why the Ministry of Economy and Finance has set high requirements for auditing activities.

Applicants for the auditor's qualification certificate "Auditor Training and Certification Program" approved by the Ministry of Economy and Finance of the Republic of Uzbekistan on August 28, 2000 by Order No. 17-17/534 and Order No. 68 on September 25, 2000 must submit documents proving that they have the knowledge and experience determined in accordance with the "Regulation on the Procedure for Issuing Auditor Qualification Certificates" and pass an exam.

The main requirements for the skill level of the auditing profession are defined in the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 365 of September 22, 2000 "On improving auditing activities and increasing the importance of audit inspections".

Licensing of auditing activities is a method of establishing state control over compliance with legislation in the field of auditing. The name of the Cabinet of Ministers of the Republic of Uzbekistan was approved in accordance with the above-mentioned decision No. 365 "REGULATION on issuing a license to audit organizations for auditing activities".

According to the decree of the President of the Republic of Uzbekistan No. PF-615 dated 04.04.2007, additional licensing requirements and conditions for audit organizations were established:

- formation of authorized capital in the amount prescribed by law when obtaining a license;
- the auditor performs his audit activity only in one audit organization;

- depending on the type of license, the audit organization should have auditors (at least 2, 4, 6);
- auditors in the state have international accounting certificates (at least 1-2);
- Heads of audit organizations are certified by the Ministry of Economy and Finance of the Republic of Uzbekistan every three years;
- the availability of internal work quality standards in audit organizations, the provision of information about audit activities in the appropriate form to the Ministry of Economy and Finance every six months.

The license requirements and conditions imposed on the audit organization are the following license requirements and conditions for auditing activities:

- compliance with legislation on audit activity;
- having auditors' share in the authorized capital as stipulated by law;
- formation of the authorized capital from the property directly used in the implementation of the activities of the audit organization, including funds;
- performing only audit activities;
- to have an audit organization liability insurance policy;
- performance of audit activities by the auditor in only one audit organization;
- the number of auditors in the staff should be the amount provided for in this Regulation;
- to ensure the confidentiality of the information obtained during the audit;
- timely fulfillment of contractual obligations in the provision of audit services;
- to appoint only an auditor whose main place of work is this audit organization to the position of the head of the audit organization;
- ensuring independence in the implementation of audit activities;
- drawing up an audit report and an audit conclusion in accordance with the standards of audit activity;
- existence of internal standards in auditing organizations;
- to notify the licensing body about the change of postal address within ten days;
- to submit information on audit activity once a year to the licensing body in the prescribed form, as well as to provide other information related to the implementation of audit activity at the request of the licensing body;
- ensuring control of auditors' work quality;
- ensure that auditors undergo training courses once a year;
- to inform the licensing body within five days about the change of the head of the audit organization and (or) the change in the composition of auditors;
- compliance with the limitations provided for by law in the implementation of audits;
- publishing information about mandatory audits conducted on its website or on the website of the public association of auditors.

The minimum number of auditors in the state where this audit organization is considered to be the main place of work is at least four.

In case of non-compliance with the requirements of this paragraph after obtaining the license, the audit organization shall notify the licensing body about it in writing or via electronic means within five days from the date of non-compliance, and no later than three months from the specified date. must eliminate the inconsistency that has arisen within a short period of time, or make a decision to terminate its activity in accordance with the established procedure. Conducting an audit by the auditing organization until the non-conformity is eliminated in accordance with the requirements of this paragraph shall result in liability in accordance with the law. The authorized capital of the auditing organization is formed from the property, including funds, directly used in the implementation of the auditing organization's activities. In accordance with this Regulation, it is carried out only if there is a special permit (license) for auditing activities in the territory of the Republic of Uzbekistan. Professional services of audit organizations are excluded.

Licensing of auditing activities is carried out by the Ministry of Economy and Finance.

The decision to issue a license for auditing activities, to refuse to issue a license, to terminate, cancel, suspend or restore the validity of a license is formalized by the order of the Ministry of Economy and Finance. Audit organizations shall attach the following documents to the application submitted to the Ministry of Finance for obtaining a license:

- Copies of founding documents (charter, founding agreement) certified by a notary office and a certificate of state registration at the Ministry of Justice of the Republic of Uzbekistan;
- Certified copies of at least two auditor qualification certificates;
- Certificate issued by the Tax Authority on the issuance of the Taxpayer Identification Number (STIR-INN);
- Payment document from the bank confirming the payment of the application fee. These documents are submitted in one copy and it is not allowed to request other documents.

The application and other necessary documents submitted by the audit organization must be reviewed by the licensing body within 15 days, and a decision on granting or refusing to grant a license must be made. For the examination of the documents by the licensing authorities, the audit organization shall pay a fee in the amount of twice the minimum wage (on the day of payment).

The licensing authority must send a letter of notification to the audit organization within three days after the decision to grant or refuse to grant a license is made.

The letter of notification on the issuance of the license is sent (handover) to the audit organization in written form with the draft of the license agreement attached, and the bank details for payment of the state duty and the payment period are indicated in it. The state fee for the license is charged in the amount of four times the minimum wage and transferred to the republic budget.

Licensing is carried out upon submission of a document confirming the payment of the state duty by the audit organization and after signing the license agreement.

The original of the license is given to the auditing organization, and the copy is kept in the licensing body in the prescribed manner.

Licensing of an audit organization may be refused by the licensing authority in the following cases:

- when documents not formalized to the required level are presented by the auditing organization;
- when the submitted documents contain unreliable or confusing information;
- non-compliance of the audit organization with the license requirements and conditions.

The auditing organization is given a maximum of 15 days to eliminate the reasons for the refusal to issue a license.

Documents can be revised after the deficiencies are eliminated. The revision of documents is carried out by the licensing body within 10 days from the date of receipt of the application of the audit organization and all the necessary documents attached to it. There is no fee for revision of documents.

Two months before the expiration of the license, the audit organization submits an application to the licensing authority to extend the validity of the license. The following documents must be attached to the application:

- copies of founding documents certified by a notary office (in case of changes to them on the date of the application for the extension of the validity period of the license);
- information on auditors who perform audit inspections within the audit organization;
- a certificate of financial status in the prescribed form;
- a document confirming the payment of the fee for reconsideration of the application.

If the audit organization complies with the requirements and conditions of the license agreement, the extension of the validity period of the license is carried out by placing a special mark on the previously issued license form. If the validity of the license was suspended in accordance with the law on the date of the application or during the period when the application is being considered, the validity period of the license will not be extended.

In cases where the audit organization has been restructured, its name or location has changed, the audit organization or its legal successor shall, within one week after re-registration, submit to the licensing authority the reissued license and documents confirming the relevant changes. If they do, they should apply for the re-registration of the license.

The document is delivered to the licensing body by the audit organization directly or by means of postal communication with the condition that the documents are received.

The decision to renew the license shall be made by the licensing body within five days from the date of receipt of the relevant application. In this case, the licensing body makes appropriate changes to the register of licenses.

In recent years, as a result of the improvement of the regulatory and legal framework of the field of audit activity, positive changes are taking place in the market of audit services.

As a result, the number of organizations increased by 12 compared to the previous year and reached 138 at the end of 2023, based on the requirement of audit organizations to operate by entering the Register of Audit Organizations.

Also, the number of auditors increased by 122 to 1003 by the end of 2023 compared to the same period last year. 24 percent of them are female, 76 percent are male auditors, and more than 120 auditors with international certificates are working.

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