



FEATURES OF DIGITALIZATION AND ENSURING TRANSPARENCY OF ACCOUNTING AND AUDIT IN UZBEKISTAN

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ABSTRACT

Currently, accounting and auditing activities are at the stage of gradual development and implementation of new digital technologies. With the automation of accounting processes, most companies are trying to optimize all contractual economic activities. The digitalization of the economy creates opportunities for the creation of a national accounting system, where indicators will be collected that characterize the state of the internal socio-economic processes of the enterprise. The article examines the regulatory regulation and the impact of digitalization on accounting and audit in Uzbekistan, highlights the need for digitalization, and highlights the advantages of its application using blockchain technology.

CCS CONCEPTS

• digitalization of the economy; • architecture of the "electronic government" system; • digitalization of accounting; • software products for accounting; • digitalization of audit; • blockchain;

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1 INTRODUCTION

In order to consistently implement the ongoing large-scale reforms, a State program has been prepared for the implementation of the Action Strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021. [1] On the basis of a comprehensive discussion with the participation of the general public, 2020 has been named the "Year of the Development of Science, Education and the Digital Economy." [2]

In the field of improving the system of state and social construction, it is envisaged:

- the introduction of the "Electronic Parliament" system into the activities of the Legislative Chamber and the Senate of the Oliy Majlis of the Republic of Uzbekistan since 2020, which allows the use of an electronic portal and a mobile application in order to form parliamentary and parliamentary inquiries based on citizens' requests on the Internet, as well as to carry out a direct dialogue with voters;
- introduction from July 1, 2020 into practice of the procedure for regularly hearing at meetings of the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan information of the heads of state bodies and economic management bodies about their activities, as well as members of the government and industry leaders on the work carried out to implement the UN Sustainable Development Goals, the development of science, education and the digital economy.

2 MATERIALS AND METHODS

The digitalization of the economy is focused primarily on increasing its efficiency and competitiveness. According to international experts, thanks to digitalization:

- costs are reduced
- for maintenance of production of products by 10-40 percent,
- are shrinking
- equipment downtime by 30-50 percent,
- terms of launching goods and services on the market - by 20-50 percent,
- costs for product quality assurance and advertising - by 10-20 percent,
- costs of storing stocks - by 20-50 percent.

According to the Diffusion of Digitalization report published by Huawei and the Oxford Research Institute of Economics, the global digital economy is projected to reach \$ 23 trillion by 2025, and its share of the world's gross domestic product will increase to 24.3 percent. [3]

Additional tasks for the further development of the digital economy and e-government are defined:

- accelerated formation of the digital economy and an increase in its share in the country's gross domestic product by 2023 by 2 times;
- introduction of a complex of information systems in production management, widespread use of software products in accounting and reporting in financial and economic activities, as well as automation of technological processes. Figure 1 shows the accounting software used until 2017.

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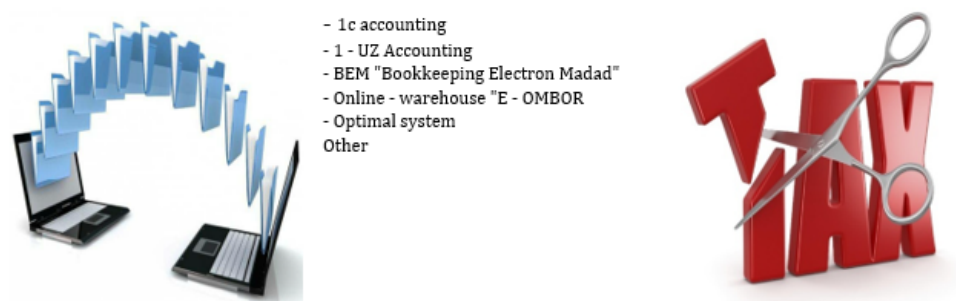


Figure 1: Accounting software products until 2017

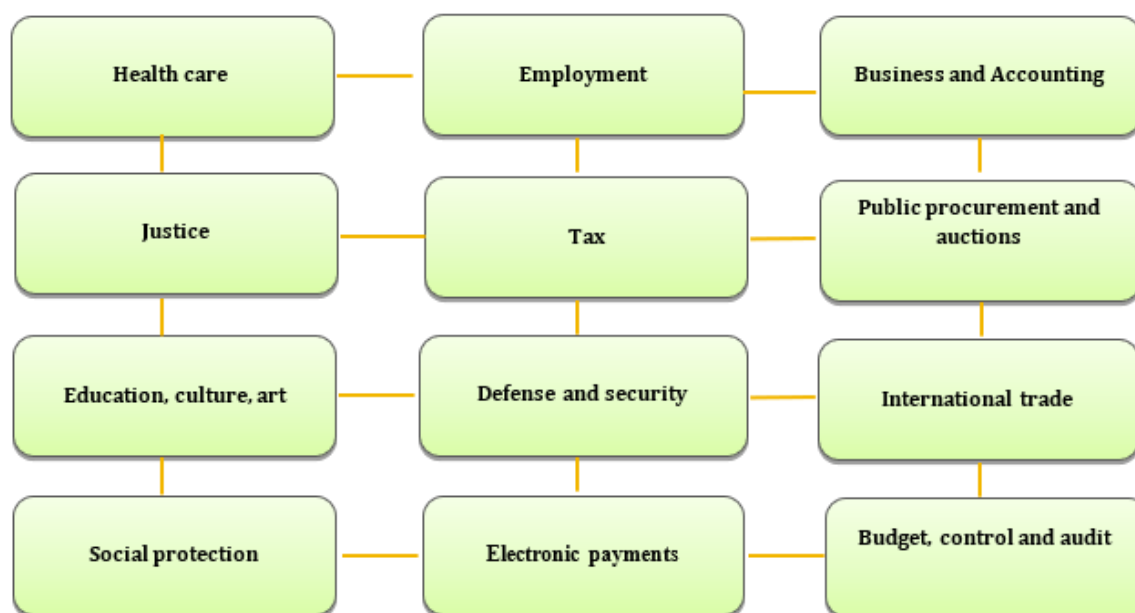


Figure 2: The architecture of the "Electronic government" system

Since 1995, the most common accounting software product in Uzbekistan, as in many CIS countries, has been "1-C Accounting", designed to automate accounting and management accounting (including payroll, taxation and personnel management), economic and organizational activities of an enterprise ... Taking into account the peculiarities of the legislation on accounting, taxation and legal regulation of Uzbekistan since 2000, such software products have been created as "1-UZ Accounting", BEM- "Accountant Electron Madad", "E-OMBOR" - Online warehouse, etc.

The place of accounting and audit in the Complex of information programs in accordance with the Architecture of the "Electronic Government" system of Uzbekistan is reflected in the diagram below 1.

Activities in the field of accounting are very closely related to numbers. The concept of "digitalization of accounting" implies not only the use of numbers in accounting, but also competent processes of using electronic digital media in reflecting business transactions, generating financial statements, as well as submitting it and other financial information as necessary to various authorities.

3 DISCUSSION

Directly to accounting, as accountants are used to using, is an accounting system (1-C, SAP or ERP), which serves to reflect transactions, postings, form ledgers and financial statements. Such automation of accounting and reporting for accountants has long been familiar.

The novelties for accountants in the last 3-5 years are:

- "Client-Bank" system: now hardly any of the accountants will remember the last time he "talked" with the bank in paper form;
- reporting system (SSO) via electronic communication channels for submission of documents to regulatory authorities;
- services of electronic document exchange (ODS) with counterparties - for the legally significant exchange of electronic documents with other companies, for example: electronic signatures, electronic invoices;
- process and document management system (ECM or electronic document management system) - for organizing the interaction of employees and storing documents.

Digital accounting processes are continuous and cover all implemented software solutions, forming a single information space, but a specialist manages everything.

No process implies the exclusion of a person at all, since the employee creates a document and carries out processes, in the coordination of which managers and other responsible employees take part.

When agreeing and signing, the manager uses "EDS" - an electronic digital signature.

Smart automation helps speed up processes, makes it easier to find documents, and provides possible useful scenarios for standard procedures.

Continuity and universal coverage of the implemented software solutions is achieved through the use of BLOCKCHAIN technology. The advantages of this technology are that it has a number of properties important for accounting work: high speed and accuracy of transactions (1), security and permanent recording of data (2), personal limited access to certain data (3), reliability and transparency provided in the blockchain. information in the absence of trust in the counterparty. [4]

The digitalization of auditing reflects the trend of changing companies in an era of change, when traditional business models are radically changing. Auditors are experiencing the impact of the evolution of the operating environment, disruptions in the business cycle, changes in organizational models and the overall digitalization of processes. The transformation of technologies leads to a transformation of the very approach of auditors to the performance of their work:

- network interaction is being improved;
- automation is being introduced;
- More time is freed up to analyze areas requiring subjective judgment;
- the quality of audit, analysis and conclusions is improved.

Digital audit contributes to the achievement of the goal set by auditors: "improving business - improving the world" - by increasing confidence and trust, in particular through blockchain technology, which facilitates interaction in a complex business world.

Freeing up additional time due to digitalization of accounting and auditing enables auditors to comply with the requirements imposed by a number of regulations. For example, in 2015, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan approved the "Regulations on the criteria for assessing the effectiveness of joint-stock companies and other economic entities with a state

share", which were established "Key performance indicators "(KPI) and "Integral efficiency factors "(IEF).

According to Article 36 of this Regulation, the calculation of the values of KPIs, IQIs and the percentage of their implementation at the end of the year is subject to verification by an audit organization by providing professional consulting services as part of a separate additional subject of the agreement on conducting an audit at the end of the year.

At the same time, the "Report of the audit organization on the provision of professional consulting services to verify the calculations of KPI, IQI and percentages of their implementation" is considered together with the results of the organization for the reporting year (at the annual general meeting of shareholders (participants) of the company or the founder of a state enterprise). [5]

4 CONCLUSION

According to Article 36 of this Regulation, the calculation of the values of KPIs, IQIs and the percentage of their implementation at the end of the year is subject to verification by an audit organization by providing professional consulting services as part of a separate additional subject of the agreement on conducting an audit at the end of the year.

According to the international standards ISA, ISQC, IUCN and IHRW, approved by the International Federation of Accountants (IFAC-IFAC), an audit organization can perform the following types of services (Table 1)

At the same time, in addition to auditing, reviewing and verifying prospective financial statements, an audit organization, in accordance with the Law of the Republic of Uzbekistan "On Auditing", can provide the following related services:

- setting up, restoration, accounting and preparation of financial statements, including preparation of financial statements in accordance with international financial reporting standards;
- performing the functions of the audit commission (auditor) of a legal entity, trustee of investment assets;
- advising on accounting and financial reporting;
- advising on the application of tax legislation, drawing up calculations, declarations on taxes and fees in the presence of a tax consultant on the staff of the audit organization or with his involvement on contractual terms;
- analysis of financial and economic activities and financial planning, including the preparation of business plans, economic, financial and management consulting;
- conducting seminars, conferences on accounting, audit and financial reporting, taxation, analysis of financial and economic activities and financial planning;
- development of recommendations for the automation of accounting and financial reporting, information security of financial information;
- other related services provided by the auditing standards.

However, according to Article 34 of the Law of the Republic of Uzbekistan "Restrictions in the conduct of an audit", audit organizations that performed the following related services are prohibited from conducting an audit, review and verification of prospective financial statements:

Table 1: International Framework for Assurance Standards and Related Service Engagements

| TYPE OF AGREEMENT | | | |
|---|--|---|---|
| Audit | Overview check | Agreements other than review, incl. review of prospective financial statements | Agreed procedures, incl. Compilation |
| (ISA) | (ISRE)2400 | STANDARDS (ISRS)3000 - 3400 | (ISRS) 4400, 4410 |
| Reasonable | Limited Reasonable | CONFIDENCE Limited | Not expressed |
| Risk assessment and audit procedures for identified risks | Mainly queries and analytical procedures | WORK PERFORMED A review of the effectiveness of internal controls, a subject matter assessment or other engagement requiring the expression of reasonable or limited assurance | Obtaining Evidence to Support the Factual, Assisting Management in Preparing Financial Information |
| Opinion (positive confidence) | Conclusion (negative confidence) | REPORT Conclusion (positive or negative confidence) opinion | Limited use of the report (report on actual data), Report informing about the essence of the compilation agreement, the role and responsibility of the contractor |

- staging, restoration, accounting
- preparation of financial statements, including preparation of financial statements in accordance with international financial reporting standards (compilation);
- performing the functions of the audit commission (auditor) of a legal entity, trustee of investment assets;

In 2018, the PC-AUDIT software complex was put into operation in Uzbekistan, which has a limited number of participants - audit organizations included in the register formed by the Ministry of Finance of Uzbekistan (hereinafter referred to as the Ministry of Finance), and professional public associations of auditors. Each PK-AUDIT participant has his own personal account, from which he sends reports and information to the Ministry of Finance and the Department for Combating Economic Crimes under the General Prosecutor's Office.

At the same time, the confidentiality of information is preserved. Digital technologies not only improve the quality of products and services, reduce costs, ensure transparency of information, but also are an effective tool in the fight against corruption - the most serious problem to which the country's leadership pays great attention. [6]

Taking into account global trends in the digital economy, our country will actively develop new areas of information and communication technologies, such as "Big Data", "cloud" computing, robotics and artificial intelligence.

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