
IMPROVING THE PROCEDURE FOR USING EXPERT WORK IN AUDIT

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Annotation. In this article, how to use expert work in auditing and improve its procedure, in what cases an expert is needed for an auditor and what types of expert opinion are divided, information about what processes exist in each type, and on increasing the role of an expert in auditing. suggestions and recommendations were given.

Key words. Audit, expert, objective approach to expert examination, license, audit evidence, expert opinion, audit object, requisites.

INTRODUCTION. We know that the characteristics of the enterprises being audited during the provision of various services related to auditing sometimes require special knowledge in certain areas of activity. It is understandable that the auditor does not have the opportunity to competently examine all aspects of the enterprise's production and economic activities or to assess certain aspects. For these reasons, serious problems and significant errors may remain undiscovered and undetected. Therefore, auditors and audit firms have the right to involve other specialists, that is, experts, in conducting an audit. An expert is a qualified specialist in his field. An expert is a person who is aware of all the information about this profession, regardless of the field.

The main emphasis in the article is on improving the procedure for using expert work in audit audits.

LITERATURE REVIEW. The use of expert work in audit audits has been studied by domestic and foreign scientists in their scientific research, and below we will review the work of these scientists and regulatory legal acts and standards.

According to the State Accounting Standards No. 620 "Use of Expert Work", "An expert is a specialist who is not on the staff of the audit organization and has sufficient knowledge, experience and skills in areas other than accounting and auditing." An audit firm may involve a specialized firm that is a legal entity as an expert. These firms provide services in areas such as property valuation, engineering, geology.

In accordance with the Law of the Republic of Uzbekistan No. 677 "On Auditing Activities" adopted on February 25, 2021, the auditor has the right to involve other specialists as experts to participate in conducting an audit.

One of the leading scientists in the field of auditing in our country is Ilhamov Sh. According to Hamdamov B.Q., an expert is a specialist with knowledge, skills and work experience in a field other than accounting and auditing. An expert can be engaged and hired by an entity or an auditor (audit organization). If an expert is hired by an auditor, his work is used by the auditor not as the work of an assistant auditor, but as the work of an expert. Accordingly, in such situations, the auditor

should apply appropriate procedures to the work and conclusions of the expert, but usually there is no need to assess his qualifications and professional knowledge for each engagement.

According to Hamdamov B.Q., an expert's work is used when considering the auditor's tasks to use the work of an individual or organization with professional knowledge and experience in a specific field other than accounting or auditing to assist the auditor in obtaining sufficient appropriate audit evidence. For example, the audit process may require the services of engineers, technicians, lawyers, translators, and even doctors or pharmacists. In order to adequately assist auditors in attracting experts, the expert's qualifications, license, membership in professional associations, and letters of recommendation for previous examinations are first checked.

Tolakhodjaeva M.M., Ilhamov Sh.I. and Khodjaeva M.Kh. scientists defined an expert in their books as follows: "An expert is a specialist with advanced knowledge and experience in a specific field of activity who can provide a reasoned opinion on a particular issue. He is a person invited by an enterprise, organization, or state body to conduct an examination".

Based on the above definitions, we can conclude that the definition and explanation given by the economist Sh. Ilhamov to an expert currently covers both practical and theoretical aspects.

ANALYSIS AND RESULTS. The analysis and results section of this article discusses the situations in which expert work can be used, the requirements for an expert in an audit, and the importance of using expert work and important recommendations for its improvement.

Based on the above goal, the following tasks can be identified:

- Scientific research on the study of expert work in audit audits based on international standards and its practical application

- Practical application of research studied based on standards and its results

The audit organization must assess the following in the business entity, based on the results of the audit audit, according to the auditor and expert opinion:

- whether sufficient and appropriate evidence has been obtained to express an opinion in accordance with the legislation on auditing activities;
- whether uncorrected misstatements, taken individually or in combination, are considered material in accordance with the legislation on auditing activities;
- the validity of the adopted accounting policies and their compliance with the requirements of the legislation on accounting;
- the information reflected in the financial statements is reliable, comparable, understandable and relevant;
- the financial statements comply with the requirements of regulatory and legal acts on accounting and the preparation of financial statements.

An expert may be involved in audit audits in the following cases:

1. When evaluating certain property (land, buildings, machinery, equipment, etc.)
2. To determine the amount and condition of property (reserves of minerals, service life of machinery and equipment)
3. When determining the volume of work performed (construction, geological exploration)
4. In legal evaluation of contracts, constituent documents, regulatory documents.

Expert assistance is not used in other situations. The decision to use expert services in an audit audit is made by the management of the audit firm, taking into account factors such as the complexity and importance of the existing conditions. To participate in an audit audit, an expert must meet the following requirements:

- A document confirming the qualification in the field in which the expert intends to provide services (diploma, certificate, license);

- Work experience in the field in which the expert intends to provide services;

- A license from a state institution granting the right to provide services in this field.

In accordance with ISA 300, planning an audit of financial statements determines the issues that the auditor should consider before identifying and assessing the risks of material misstatement. One of these issues is the involvement of experts. According to ISA 500, audit evidence, if the information used as evidence was prepared using the work of a management's expert, the auditor should:

- * evaluate the competence, capabilities and objectivity of that expert
- * obtain an understanding of that expert's work
- * evaluate the appropriateness of that expert's work as audit evidence and appropriately confirm it.

Clearly, if the preparation of an entity's financial statements requires the use of an expert, the competence of the expert and the appropriateness of the work performed are important in assessing the risks of material misstatement. ISA 500 does not refer to the work of the auditor's own expert because there is no relationship between the work of that expert and the risks of material misstatement in the financial statements.

In accordance with ISA 620, using the work of an auditor's expert, an auditor's expert is defined as: "A person or organization with expertise in a field other than accounting or auditing whose work in that field is used by the auditor to assist the auditor in obtaining sufficient relevant audit evidence. An auditor's expert may be an internal auditor's expert (a partner or employee, including temporary employees of an audit firm or network firm) or an external auditor's expert." Auditors are experts in accounting and auditing matters, but they are not expected to be experts in other fields. However, auditors should recognize that in some circumstances, to reduce the risk of material misstatement not being detected, auditors need to involve their own experts. Such expertise may be required in the following areas:

Assessment:

- land and buildings
- plant and machinery
- jewellery
- works of art
- antiques
- intangible assets - for example, patents and trademarks
- environmental liabilities
- site cleanup costs
- oil reserves
- gas reserves
- mining reserves

Actuarial accounting of liabilities related to:

- insurance contracts
- employee benefit plans

Interpretation of:

- contracts
- laws
- regulations

Analyzing complex or unusual tax compliance issues

Most of the issues listed are rarely found in auditing texts and most will not encounter them in real-life auditing situations. However, auditors in various economies, particularly large companies (such as banks, insurance companies, and mining and companies) expert opinions of a number of disciplines are required by those involved in the audit.

In this regard, companies should rely on their own expert opinion on valuable jewelry, works of art, or antiques—assets they own as trading or investment assets—unless auditors have sufficient evidence. It follows that the auditor relies on expert opinion in order to reduce risk and increase significance in his opinion. According to the AXS No. 320 "Materiality in Audit", a positive opinion is expressed if the financial report of an economic entity truthfully reflects its financial situation and financial results in all materiality relationships and is in accordance with the legal documents on accounting. For example, the following criteria are defined when determining the level of importance in an audit:

- 1) profit before tax - 2%;
- 2) net income (without VAT) – 2%;
- 3) balance currency – 2%;

- 4) private capital – 2%;
- 5) general costs of the organization - 2%.

Based on this, below, we will determine the level of importance in the audit through the 2023 indicators of "Olmaliq Mining and Metallurgical Combine" JSC.

Table 1

Basic indicators and assigned level of importance, for Almalyk Mining and Metallurgical Combine JSC¹

With basic indicators	Financial reporting forms and lines	The amount of the base indicator in the client organization's report, thousand sums.	Importance level, %	Amount of significance level, thousand sums
Profit before tax	Form 2, line 240	10 981 139 822.0	2	219 622 796.44
Net revenue (excluding VAT)	Form 2, line 010	31 048 339 169.0	2	620 966 783.4
Balance currency	Form 1, line 400	55 093 947 378.0	2	1 101 878 947.6
Private equity	Form 1, line 480	24 381 875 359.0	2	487 637 507.18
Total expenses of the organization	The calculation is made based on Form 2.	18 792 587 337.0	2	375 851 746.8

Using the table above, we calculate the importance level below.

$$(219\ 622\ 796.44 + 620\ 966\ 783.4 + 1\ 101\ 878\ 947.6 + 487\ 637\ 507.18 + 375\ 851\ 746.8) : 5 = 561\ 191\ 556.3$$

$$(375\ 851\ 746.8 - 561\ 191\ 556.3 / 561\ 191\ 556.3) * 100 = -33$$

$$(1\ 101\ 878\ 947.6 - 561\ 191\ 556.3 / 561\ 191\ 556.3) * 100 = 96.4$$

According to the results of the calculations, both levels of significance differ significantly from the average (any difference of more than 20% is considered significant), so a decision should be made to exclude these indicators from the calculations. In this case, the new arithmetic average level of significance is determined:

$$(219\ 622\ 796.44 + 620\ 966\ 783.4 + 487\ 637\ 507.18) / 3 = 442\ 742\ 362.3$$

The main purpose of determining this level of materiality is to ensure that the audit report reflects the precise amount of error in the audit report, enabling a qualified user of the financial statements to draw the right conclusions and make the right decisions on the basis of it.

An audit expert must be competent, capable, and impartial if their services are to be considered adequate for the purposes of the audit. Let us deal with each of these attributes.

Competence is related to the nature and level of expertise of the expert. Obviously, any expert hired should have wide recognition of their expertise in the specified subject matter.

Ability is related to the expert's ability to exercise this authority in the context of the audit assignment. For example, the expert must have the time and resources to perform the task at hand.

Objectivity is concerned with the influence that bias, conflict of interest, or the influence of others may have on the expert's opinion. If an expert has an interest in expressing anything other than an objective opinion on a subject matter, his or her opinion will be of no value to the auditor.

¹ Basic indicators and the level of significance determined, "Almalyk Mining and Metallurgical Combine" This information was developed by the author.

If an audit professional fails to meet the requirement for any of the above attributes, the risk of error or inaccuracy in the work performed will increase and, therefore, the objective of minimizing the risk of not detecting material misstatement will not be achieved. Consequently, the auditor's quality control procedures should ensure that internal experts (who are part of the audit engagement team) are competent, competent, and objective. If the audit organization intends to engage a new internal expert or, alternatively, relies on the services of an external expert, information about the expert's competence, ability, and objectivity can be obtained from various sources.

These include:

- personal experience with the expert's previous work
- discussion with the expert
- discussion with other auditors familiar with the expert's work
- knowledge of the expert's qualifications, membership in a professional body or industry association, license to practice, or other forms of external recognition
- articles or books published by the expert

In evaluating the auditor's expert's conclusions for audit purposes, the auditor may perform a variety of tasks, including:

- making inquiries of the auditor's expert
- reviewing the auditor's expert's working papers and reports
- performing confirmatory procedures, such as observing the auditor's work, examining authoritative statistical reports and other authoritative documents, reviewing published data, confirming relevant matters with third parties, performing detailed analytical procedures, and recalculating
- discussing with another expert with relevant experience
- discussing the auditor's expert's conclusion with management

If, when the results of the expert's work are reviewed by the audit organization, the expert's conclusion is not If significant inconsistencies are identified between the information (documents) of the entity or the audit organization considers that the results of the expert's work are not justified, the audit organization must perform additional audit procedures that provide for verification of the validity of the expert's opinion or appoint another expert.

The expert's opinion must be included in the audit organization's working papers. If, in exceptional cases, the expert provides oral explanations, the audit organization must reflect such explanations in its working papers. If the results of the expert's work do not provide sufficient appropriate audit evidence or are inconsistent with other audit evidence, the auditor must resolve this issue. To achieve this goal, it is possible to hold a discussion with the entity and the expert and invite another expert or apply additional procedures in the audit report.

CONCLUSION. At the end of the article, from the recommendations and research presented, we can conclude that measures and scientific research are being carried out to facilitate, digitize and technologize the activities of audit organizations, the audit process, make the audit process and its results transparent, and most importantly, reduce and alleviate the responsibility assumed by the auditor and the expert through the conclusion given by the auditor. However, in some cases, situations may arise that do not correspond to our systems. In order to further improve the system, make management decisions and further improve corporate governance, it is necessary to provide high-quality audit services by improving the quality of audit services and its expert work, and as a result, provide a high-quality conclusion to eliminate the errors and shortcomings of the audited object.

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