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*Article*

# Issues in Improving Auditing Practices in Uzbekistan

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**Abstract:** This article examines the practical challenges associated with the development of auditing in Uzbekistan and identifies potential solutions. It establishes the relevance of the research problem, reviews the pertinent academic literature, analyses changes in the number of audit firms and certified auditors, explores the dynamics of audit service revenue and the composition of audit opinions, and evaluates the principal institutional, regulatory, professional and technological constraints facing audit practice. On the basis of statistical data and comparative analysis, the paper also considers challenges encountered internationally and identifies priority directions for strengthening auditing practices in Uzbekistan.

**Keywords:** auditing, external audit, audit firms, auditor, audit services, related services, audit engagements, International Standards on Auditing, auditor qualification certificate, financial statements, adverse audit opinion, qualified opinion, professional ethics.

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## 1. Introduction

International Financial Reporting Standards (IFRS) have become a fundamental reference framework for the preparation of credible financial statements in many jurisdictions. The reliability of those statements is assessed through independent audit procedures guided by International Standards on Auditing (ISAs), while national frameworks such as United States Generally Accepted Auditing Standards (GAAS) and United States Generally Accepted Accounting Principles (US GAAP) also shape relevant professional practices. The ISA framework encompasses standards addressing the general principles and responsibilities of auditors (the 200 series), risk assessment and responses to assessed risks (the 300–400 series), audit evidence (the 500 series), use of the work of others (the 600 series), auditor conclusions and reporting (the 700 series), and specialised engagements (the 800 series). Nevertheless, substantive research questions remain concerning the organisation and implementation of audits, assessment of clients' internal control systems, detection of errors and fraud, collection of appropriate audit evidence, use of specialised software and comparative application of international requirements and advanced foreign practice. These challenges underscore the relevance of further research on auditing in Uzbekistan [1].

Uzbekistan has introduced a framework for recognising and applying International Standards on Auditing and related international standards governing quality management, review engagements, assurance engagements and related services. Under the Law of the Republic of Uzbekistan "On Auditing Activities", adopted on 25 February

2021, the provision of audit services is to be conducted in accordance with internationally recognised auditing standards, with relevant statutory provisions taking effect in 2021. Together, these measures seek to strengthen public confidence in financial reporting and improve the institutional environment for independent assurance [2].

Auditing is a multifaceted professional activity and has therefore attracted considerable attention among domestic and international researchers. Sheremet and Suyts describe audit as an independent form of examination undertaken to assess the reliability of accounting and financial statements, while characterising auditing activity as the provision of audits and other professional services by specialised organisations. Utyashev argues that important turning points in the development of auditing have often followed economic crises or major corporate scandals; accordingly, the global financial crisis of the early twenty-first century may be viewed as a significant impetus for changes in audit practice.

Mamatov interprets auditing activity as the entrepreneurial provision of audit engagements and professional services by audit firms within the boundaries established by the legislation of Uzbekistan. Do‘smuratov associates the historical evolution of auditors’ responsibilities to shareholders with legislative requirements for companies to disclose their profits and losses in financial statements [3].

Qo‘ziev provides a methodological justification for the sequence of procedures and stages involved in conducting external audits. Axmedjanov examines the organisation of high-quality audit engagements, documentation of audit results and the substance and significance of the auditor’s report. Mehmonov develops organisational and methodological foundations for internal audit services in budget-funded institutions and substantiates approaches to their effective implementation. Sattorov regards auditing as an independent process of analysing and evaluating an entity’s financial statements and expressing an objective opinion thereon.

For the purposes of the present research, auditing may be defined as an independent professional activity in which audit firms, acting under an engagement agreement, conduct examinations and provide related services in order to assess compliance in an entity’s financial operations and the reliability of reported financial information [4].

Different methodological approaches have been advanced in the international and Uzbek literature. Dodge, Arens, Loebbecke, Naletova, Slobodchikova, Sheremet and Suyts emphasise the use of analytical procedures in audit engagements. Barakaev proposes a four-stage approach to the organisation of audit work. Avazov discusses questionnaires, inspection of documentary evidence, observation, scanning and the involvement of relevant specialists in selected examinations. G‘aniev emphasises methods of collecting audit evidence whereas Choriev argues for the systematic integration of analytical procedures into the auditing process.

A broad body of research by Utyashev, Dicksee, Sheremet, Suyts, Mamatov, Axmedjanov, Do‘smuratov, Qo‘ziev, Karimov, Mehmonov, Hamdamov and Sattorov addresses distinct organisational or methodological aspects of auditing. However, the specific processes by which audit engagements are organised and performed in Uzbekistan have not always been treated as a separate object of applied empirical inquiry. In the author’s assessment, the existing literature provides substantial theoretical foundations but leaves scope for a more operational examination of how proposed audit methodologies are implemented in practice [5].

## 2. Materials and Methods

The study adopts a combined theoretical and applied research design incorporating a systems approach, classification and grouping, comparative analysis, observation,

descriptive statistical analysis and factor-oriented interpretation. The empirical component draws on information concerning the number of audit firms and certified auditors, revenues from audit services and the reported distribution of audit opinions. National auditing practices are assessed in relation to challenges identified in international experience. The results are synthesised to formulate scientific and practical recommendations for improving the organisation and implementation of audit engagements in Uzbekistan.

## 3. Results

In recent years, Uzbekistan has undertaken a range of measures aimed at developing auditing, aligning professional practice with international standards and strengthening the institutional foundations of the audit services market. The legislative framework has been revised and systematised in accordance with internationally oriented approaches. As reported in the source material, these initiatives include two laws, three presidential resolutions, three Cabinet of Ministers resolutions and several departmental regulatory instruments. Developments in the regulatory environment have coincided with quantitative expansion in the number of audit market participants. According to figures reported by the Ministry of Economy and Finance, in the first quarter of 2026 the country had 176 audit firms and 1,337 auditors holding professional qualification certificates, representing reported increases of 10 per cent and 9 per cent, respectively, compared with the corresponding quarter of 2025 (Figure 1). At the end of 2021, the number of audit firms stood at 96, subsequently increasing by 80 to 176 in the first quarter of 2026. Over the same period, certified auditors increased from 651 to 1,337, a rise of 686 individuals [6].




**Figure 1.** Number of audit firms and certified auditors, 2019–Q1 2026

*Source: Ministry of Economy and Finance of the Republic of Uzbekistan (gov.uz/imv); figures reproduced from the source article.*

**Table 1.** Audit firms and certified auditors in Uzbekistan

| Year | Audit firms | Certified auditors |
|---|---|---|
| 2019 | 96 | 558 |
| 2020 | 99 | 572 |
| 2021 | 96 | 651 |
| 2022 | 126 | 881 |
| 2023 | 138 | 1003 |

| Year | Audit firms | Certified auditors |
|---|---|---|
| 2024 | 153 | 1154 |
| 2025 | 175 | 1296 |
| 2026 Q1 | 176 | 1337 |

*Source: Based on the original Figure 1 and Ministry of Economy and Finance data.*

The data indicate that the number of auditors expanded more rapidly than the number of audit firms. In 2019, approximately 5.8 auditors were registered per audit firm, whereas in 2025 the corresponding ratio had reached approximately 7.4. This may indicate increased professional capacity within organisations or a concentration of qualified personnel in relatively larger firms. Nevertheless, the increase in this ratio alone does not demonstrate an improvement in audit quality or labour productivity. It primarily confirms the numerical expansion of the profession and the existence of additional opportunities for enhancing the operations of audit firms [7].

Revenues of audit firms also appear to have expanded more rapidly than the number of firms and practitioners. According to the reported results for 2025, total revenues of audit firms amounted to UZS 785.77 billion, approximately 31 per cent higher than in 2024 (Figure 2). The source text also characterises this result as 2.8 times the 2020 level; however, the annual values reproduced in the accompanying figure imply a factor of approximately 3.8. The latter calculation is consistent with the values used in the subsequent descriptive analysis.

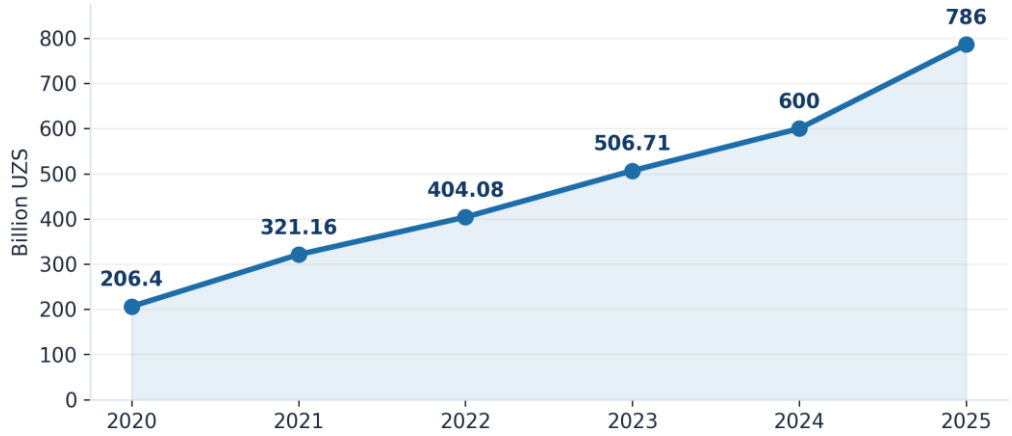



**Figure 2.** Dynamics of revenues from audit services, 2020–2025

*Source: Ministry of Economy and Finance of the Republic of Uzbekistan (gov.uz/imv); amounts are in nominal billion UZS.*

As shown in Figure 2, the value of audit services increased consistently between 2020 and 2025, from UZS 206.4 billion to approximately UZS 786.0 billion. The absolute increase was UZS 579.6 billion, equivalent to cumulative growth of approximately 280.8 per cent over the five-year period. In other words, the nominal market value of services increased by approximately 3.8 times [8].

Annual figures point to a sustained upward trend: the value of services amounted to UZS 321.16 billion in 2021, UZS 404.08 billion in 2022, UZS 506.71 billion in 2023, UZS 600.0 billion in 2024 and UZS 786.0 billion in 2025. The largest annual absolute increase was recorded between 2024 and 2025, when the value rose by UZS 186.0 billion. These dynamics suggest an expansion in economic activity within the market for audit-related services. Further research is needed, however, to isolate the role of investment, digitalisation, client demand and business activity in explaining the observed pattern.

Overall, the audit services market exhibited sustained nominal quantitative growth between 2020 and 2025. Maintaining this trend is likely to depend on investment, accelerated digital transformation, better service quality and a broader range of specialised engagements. Importantly, an objective evaluation of the sector's real expansion requires inflation-adjusted data to complement the nominal revenue series [9].

The distribution of audit opinions provides another perspective on developments in the profession. Figure 3 summarises the categories of opinions issued between 2022 and 2025 and shows the predominance of unmodified audit opinions throughout the period [10].

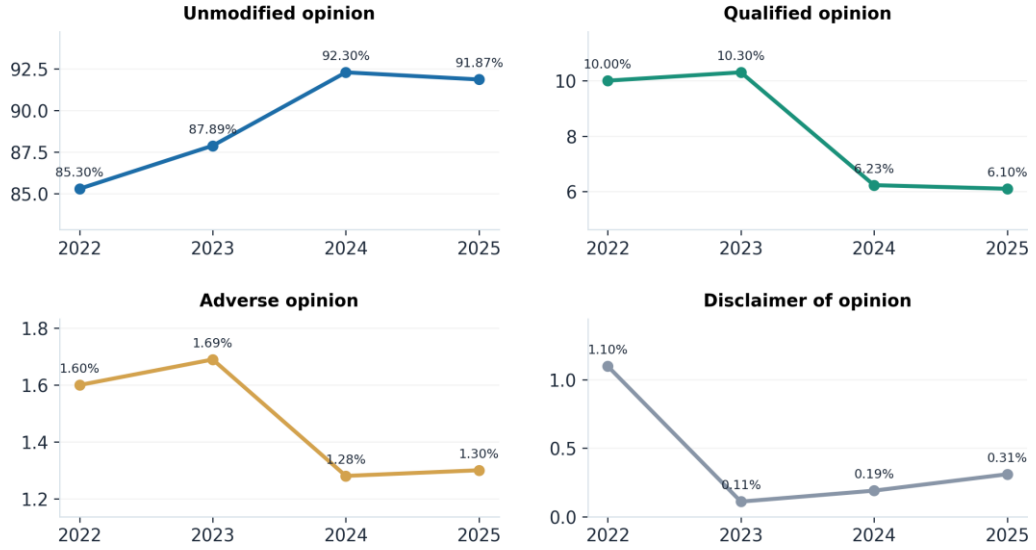



**Figure 3.** Distribution of audit opinions by type, 2022–2025

*Source: Ministry of Economy and Finance of the Republic of Uzbekistan (gov.uz/imv); percentages are reproduced as reported in the source article.*

**Table 2. Distribution of audit opinions, per cent**

| Audit opinion | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Unmodified opinion | 85.30 | 87.89 | 92.30 | 91.87 |
| Qualified opinion | 10.00 | 10.30 | 6.23 | 6.10 |
| Adverse opinion | 1.60 | 1.69 | 1.28 | 1.30 |
| Disclaimer of opinion | 1.10 | 0.11 | 0.19 | 0.31 |

*Source: Original Figure 3. Reported categories do not total exactly 100% in every year; the source values are retained without adjustment.*

The share of unmodified audit opinions stood at 85.3 per cent in 2022, 87.89 per cent in 2023, 92.30 per cent in 2024 and 91.87 per cent in 2025. Thus, their share increased by 6.57 percentage points over the period. The highest value was registered in 2024, followed by a modest decline of 0.43 percentage points in 2025. Notwithstanding this reduction, unmodified opinions continued to dominate the overall composition of issued reports [11].

Qualified audit opinions accounted for 10.0 per cent in 2022, 10.3 per cent in 2023, 6.23 per cent in 2024 and 6.1 per cent in 2025, a decline of 3.9 percentage points over the period. This pattern indicates a decreasing share of engagements in which auditors expressed an opinion subject to qualification. However, it should not automatically be interpreted as proof of improvements in financial reporting quality without a detailed review of the nature and causes of those qualifications [12].

Adverse audit opinions represented 1.6 per cent in 2022, 1.69 per cent in 2023, 1.28 per cent in 2024 and 1.30 per cent in 2025. Their share increased slightly in 2023 but remained relatively low thereafter. A limited number of adverse opinions does not necessarily imply that material reporting deficiencies were rare: the results also depend on the composition of audited entities, the scope of the audit work and the nature of identified misstatements [13].

## 4. Discussion

Disclaimers of opinion accounted for 1.1 per cent in 2022, 0.11 per cent in 2023, 0.19 per cent in 2024 and 0.31 per cent in 2025. Following a marked decline in 2023, the figure increased in the subsequent two years. This development warrants further examination of limitations in audit scope, the availability of sufficient appropriate audit evidence and other circumstances affecting an auditor's ability to form an opinion. Taken together, the data show a persistent predominance of unmodified opinions and a decline in qualified opinions, while reaffirming the importance of professional judgement, appropriate evidence and risk assessment in audit engagements [14].

The review of national audit practice identifies the following practical challenges:

- **Variations in audit quality —** International standards are not applied uniformly across all firms, and documentation and risk assessment may in certain cases become predominantly formal exercises.
- **Unhealthy price-based competition —** Procurement decisions may prioritise the lowest bid over the quality of the proposed service, competence of the engagement team and appropriate audit coverage.
- **Shortage of qualified personnel —** There is a limited supply of professionals with advanced expertise in ISAs, IFRS, information-technology auditing, valuation and data analytics; staff turnover can compound these difficulties.
- **Resource constraints faced by domestic audit firms —** Smaller firms may have insufficient resources to invest in technology, methodology and independent quality reviews.
- **Limited use of digital tools —** Some firms still rely heavily on manual methods or basic spreadsheets and do not fully exploit automation, large-scale data analysis or IT-audit techniques.
- **Quality and accessibility of client data —** Fragmented accounting systems, delays in providing supporting documents and incomplete information can obstruct the collection of reliable evidence.
- **Complexity of quality management implementation —** Applying International Standard on Quality Management (ISQM) 1 and ISA 220 at firm and engagement levels requires adequate staff, time, procedures and investment.
- **Independence and conflicts of interest —** Financial dependence on an individual client, prolonged engagements or the simultaneous provision of additional services may create threats to auditor objectivity.
- **Limited demand for the wider value of audit results —** Some clients perceive an audit primarily as a compliance requirement rather than as a tool for improving management and risk governance.
- **Lack of sector-specific methodologies —** Banking, construction, energy and agriculture require tailored working papers, operational guidance and industry-relevant audit procedures.
- **Transparency of external quality oversight —** Systematic public information on quality reviews, market indicators and disciplinary measures may be limited.
- **Difficulty substantiating audit fees —** Procurement processes do not always adequately reflect the engagement workload, risk profile, professional expertise and necessary time budget.

These problems can be consolidated into six interconnected categories, as presented in Figure 4.




**Figure 4.** Principal practical challenges in improving auditing in Uzbekistan

*Source: Developed by the author on the basis of the source article; English-language redesign.*

Figure 4 illustrates that sustainable improvement in Uzbek audit practice requires simultaneous progress in the quality, independence and reliability of assurance. Priority actions should include strengthening the legal and regulatory framework through alignment with international standards; improving professional qualifications through continuing education and international certification; expanding the use of electronic audit tools and automated data analysis; protecting independence by controlling conflicts of interest and enforcing ethical requirements; establishing effective internal and external quality management arrangements; and encouraging competition based on service quality rather than price alone [15].

These measures should be implemented as a coordinated reform programme rather than isolated interventions. An integrated approach combining legal, organisational, human-capital and technological changes is expected to support greater financial reporting transparency, stronger investor confidence and more effective financial discipline throughout the economy.

The comparative review also identifies several unresolved challenges affecting the development of auditing internationally (Figure 5).




**Figure 5.** Practical challenges in improving auditing internationally

*Source: Developed by the author on the basis of the source article; English-language redesign.*

On the basis of the issues illustrated in Figure 5, six key priorities can be identified for the development of audit practice at the international level.

First, the harmonisation of international auditing standards remains important. Differences among national legislative and regulatory regimes can complicate the comparability of cross-border financial statements. It is therefore appropriate to bring national requirements into closer alignment with internationally recognised auditing standards and develop coherent methodological guidance for their implementation [16].

Second, the training of qualified audit professionals should be strengthened. A shortage of practitioners possessing contemporary professional competencies may undermine the quality of audit engagements. Continuing professional development, wider access to international certification programmes and stronger digital skills are essential elements of an effective response.

Third, the digitalisation of auditing processes is increasingly significant. Artificial intelligence, large-scale data analytics and automated software can improve the timeliness and efficiency of audit procedures. Their adoption must nevertheless be accompanied by appropriate information security safeguards, strict client-data confidentiality and effective validation of technology-assisted audit results [17].

Fourth, auditor independence and professional ethics must be protected. Client pressure, conflicts of interest and economic dependence can adversely affect an auditor's ability to provide an objective conclusion. Relevant safeguards include effective monitoring of independence requirements, reinforced ethical standards and meaningful accountability for professional misconduct.

Fifth, oversight of audit quality should be enhanced. Regular assessment of audit firms, improved external quality inspections and implementation of internationally aligned quality-management systems may strengthen the reliability of audit outcomes. The independence and transparency of supervisory bodies are particularly important in this process.

Sixth, fair and sustainable competition in audit services markets should be promoted. High costs, concentration among service providers and financial constraints facing smaller enterprises can limit access to quality assurance. Measures that encourage

appropriate service models for small and medium-sized enterprises and give priority to audit quality over the lowest price can help address these problems [18].

Improving auditing at the global level is consequently a systemic and multidimensional undertaking. It requires the harmonisation of standards, skilled personnel, digital capabilities, professional independence, effective quality oversight and competitive market structures. Coordinated implementation can enhance the credibility of financial reporting, support the timely identification of fraud and errors, reinforce investor confidence and improve the quality of economic decision-making.

For Uzbekistan, the practical implication is that international experience should be adapted to the institutional and economic characteristics of the domestic market. Better auditor qualifications, digital audit infrastructure and independent quality monitoring can help strengthen the international competitiveness of the national auditing system. The principal directions for further improvement are summarised in Figure 6.




**Figure 6.** Priority directions for improving auditing practices in Uzbekistan

*Source: Developed by the author on the basis of the source article; English-language redesign.*

Figure 6 highlights the need to improve compliance with legislation, introduce international standards, strengthen auditors' qualifications, broaden the use of information technologies and enhance quality controls. Such measures have the potential to improve the reliability of financial statements, reduce financial risks and contribute to a more favourable environment for investment.

## 5. Conclusions

A comprehensive examination of the available evidence enables the following conclusions to be drawn regarding the improvement of auditing practices in Uzbekistan:

First, the growing number of audit firms and certified auditors reflects an expansion of organisational capacity and human resources within the profession. Nevertheless, numerical growth should be accompanied by demonstrable improvements in audit quality, independence and professional accountability.

Second, the increase in the nominal value of audit services from UZS 206.4 billion in 2020 to approximately UZS 786 billion in 2025 indicates an expansion in the economic

scale of the market. Sustaining this development requires better service quality, the attraction of new clients and wider accessibility of appropriately designed audit services.

Third, the high share of unmodified audit opinions does not remove the need for deeper scrutiny of the effectiveness of audit engagements. Assessment of audit performance should therefore go beyond the proportion of unmodified opinions and include the identification of material misstatements, remediation of deficiencies and findings from independent external quality reviews.

Fourth, because regulation, workforce competencies, technology, quality management and financial incentives are interrelated, audit reform requires an integrated policy and institutional approach. The application of international standards should be coordinated with the specific characteristics of the national economy and the capabilities of domestic enterprises.

Fifth, digital technologies can increase the speed, scope and consistency of audit procedures. However, digital transformation must preserve information confidentiality, ensure adequate cybersecurity and retain the central role of professional judgement in evaluating audit evidence.

Sixth, measurable performance indicators should be established to evaluate progress in the development of auditing. Relevant indicators include the proportion of firms successfully completing external quality reviews, coverage of continuing professional education, the use of digital technologies, the effectiveness of remedial actions and the degree of client and public confidence in audit outcomes.

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