

THE CONTENT AND ESSENCE OF AUDITING: THE BASIC PRINCIPLES SET OUT IN INTERNATIONAL STANDARDS

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This article covers the content and essence of auditing, its role and significance in the economic system. In the course of the research, the basic principles of auditing based on international standards were thoroughly analyzed, and their role in ensuring the reliability of financial statements was revealed. The implementation of the requirements of the International Standards on Auditing (ISA) in the national audit system and their practical effectiveness were also assessed. The results of the research serve to develop scientific and practical proposals for improving the quality of auditing and improving auditing activities.

Introduction.

In a market economy, transparency of the activities of business entities, compliance with financial discipline, and ensuring the reliability of financial statements are important factors of economic stability. Financial information about the activities of enterprises serves as an important source of information not only for making internal management decisions, but also for investors, creditors, government agencies and other interested parties. Therefore, the accuracy and transparency of this information requires an independent assessment. In this process, the audit institution is one of the most important forms of financial control,

which is aimed at verifying the compliance of financial statements prepared by business entities with current legislation and regulatory documents. Auditing serves not only to identify possible errors and violations in financial statements, but also plays an important role in assessing the overall financial condition of the enterprise, identifying risks and increasing management efficiency. At the same time, the audit opinion is an important tool in creating an atmosphere of trust between market participants. Today, the globalization of economic relations, the integration of capital markets and the expansion of the activities of transnational companies further strengthen the need to organize auditing activities based on international requirements. The assessment of financial statements in different countries based on uniform criteria requires the provision of understandable and comparable information for investors. This need led to the introduction and widespread use of International Standards on Auditing (ISA).

International Auditing Standards establish a unified methodological framework for planning, conducting and reporting on the audit process. These standards focus on the fundamental principles of independence, objectivity, professional competence, due diligence and confidentiality of information in auditing. As a result, it is possible to improve the quality of audits, strengthen the professional responsibility of auditors and strengthen confidence in financial statements. [1] From this point of view, an in-depth study of the content and essence of auditing, its theoretical foundations and the basic principles established in international standards is one of the current scientific and practical issues. This study aims to reveal the role and importance of auditing in the economic system, as well as to assess the importance of international auditing standards in national audit practice, which will serve to further improve auditing activities.

Literature review.

Audit theory and practice are one of the important scientific directions in the system of economic sciences, and extensive research has been conducted by many foreign and domestic scientists on its formation and development. The issues of determining the scientific essence of audit, its functions, principles and place in the economic system were at the center of these studies. Foreign economists A.A. Arens and J.K. Loubek interpret audit as an independent professional activity, emphasizing that its main purpose is to express a reasoned audit opinion on the absence of material errors in financial statements. According to scientists, audit is an institutional mechanism that creates an atmosphere of trust among users of financial information, which creates an important information base in the process of

making investment decisions. R. Adams in his studies shows audit not as a simple form of control over the activities of an enterprise, but as a strategic tool that serves to manage financial risks and improve the corporate governance system. He noted that the application of the principle of professional skepticism in the audit process is one of the main factors ensuring the objectivity and reliability of the auditor's conclusion. [3] The International Auditing and Assurance Standards Board (IAASB) plays an important role in the development of auditing theory at the international level. The International Auditing Standards developed by the IAASB state that the purpose of an audit is to provide reasonable assurance that financial statements are free from material misstatement. This approach establishes the methodological foundations of the audit process and ensures that auditing activities are carried out on the basis of uniform principles at the global level.

The studies of local scientists have widely covered the importance of auditing in the national economy and the issues of its institutional development. In particular, A. Karimov, evaluating auditing as an important link in financial control, emphasizes its role in strengthening financial discipline in enterprises, preventing illegal financial transactions, and ensuring the effective use of financial resources.[5] Also, Sh. Tokhtasinov and N. Yuldashev, focusing on the issues of legal regulation of auditing activities, scientifically substantiate the fact that organizing auditing activities on the basis of international standards increases the competitiveness of the national audit market. In their opinion, the implementation of International Auditing Standards in national practice will not only improve the quality of audit services, but also provide foreign investors with reliable financial information. In addition, local researchers have paid special attention to the issue of the role of audit in the corporate governance system. [6] In their scientific works, audit is interpreted as an important institution that supports the activities of supervisory boards, controls management activities, and reduces conflicts of interest. This indicates that auditing has not only financial, but also managerial and strategic importance. In general, an analysis of the studied scientific literature shows that the content and essence of auditing science has expanded over time, going beyond the scope of only auditing financial statements and becoming a complex system aimed at ensuring financial stability, managing risks, and improving the investment climate. The audit system based on international auditing standards is recognized as an important methodological basis for this process.

Research methodology.

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This study is aimed at a scientific and theoretical study of the content and essence of the audit discipline, as well as the basic principles established in international audit standards. In the research process, two main methods of scientific knowledge were used - theoretical analysis and comparative methods. The choice of these methods is explained by the theoretical nature of the research topic and the need for a comparative analysis of international and national approaches.

The theoretical analysis method was used as the main method in revealing the formation of the audit discipline, its economic content and essence. With the help of this method, the scientific views of foreign and local scientists, definitions of audit, its tasks and functions were systematically studied. Also, the theoretical foundations of the basic principles established in International Auditing Standards were analyzed, and the role of audit activities in ensuring the reliability of financial statements was scientifically substantiated.

The comparative method was used in a comparative analysis of national and international aspects of audit activities. This method identified similarities and differences between the principles applied in the national audit system and the requirements set out in the International Standards on Auditing. As a result of the comparison, the level of compliance with international standards was assessed and the advantages of their implementation in national audit practice were scientifically highlighted.

Analysis and results.

Within the framework of this study, the content and essence of the audit discipline and the basic principles established in international audit standards were studied in depth based on theoretical analysis and comparative methods. The results of the study made it possible to further clarify the importance of audit activities in the economic system, as well as to substantiate the similarities and differences between national and international audit approaches. The results of the theoretical analysis showed that the content of the audit discipline historically arose from the need for financial control, and today it has been formed as an independent professional activity. The main purpose of the audit is to express a reasoned audit opinion on the absence of material errors in financial statements. An analysis of the scientific literature showed that, along with the control function of the audit activity, the information and advisory functions are also increasingly strengthened. This confirms that the audit has become not only a means of verification, but also an important institution supporting management decisions. Also, based on theoretical analysis, the basic principles of audit activity were clarified. In particular, the independence and objectivity of

the auditor were assessed as the main factor ensuring the reliability of the audit conclusion. The principles of professional competence and care imply that the auditor must have sufficient knowledge and experience and must approach the audit process with professional skepticism. The principle of confidentiality ensures the protection of information obtained during the audit process and serves to protect the interests of the enterprise. The harmony of these principles is the basis of audit quality. The analysis conducted using the comparative method made it possible to identify similarities and differences between national audit practice and the requirements of International Auditing Standards. The objectives of the audit, the importance of the audit conclusion, and the requirement to be based on evidence in the audit process were identified as similarities. At the same time, it was found that international audit standards have a more in-depth and systematic approach to audit planning, identification and assessment of audit risks, study of the internal control system, and documentation of audit evidence. The results of the comparison showed that international audit standards provide for the widespread use of a risk-based approach in auditing activities. This allows auditors to focus on important areas during the audit process, effectively use audit resources, and increase the accuracy of the audit conclusion. However, in national audit practice, this approach is not implemented sufficiently in some cases. As a result of the analysis, it was determined that the audit system based on international auditing standards is of great importance in strengthening financial discipline in enterprises, increasing the transparency and comparability of financial statements. Audits conducted in accordance with international standards create a reliable source of information for investors and creditors and improve the investment climate. At the same time, the qualitative improvement of audit activities also has a positive effect on increasing the efficiency of the corporate governance system. In general, the results obtained based on theoretical analysis and comparative methods confirmed that the content and essence of audit science are closely related to the principles established by international audit standards. These results made it possible to draw scientifically based conclusions on the further development of audit activities, adapting the national audit system to international requirements, and improving the quality of audit services.

Proposals and conclusions.

The results of the study showed that, although the content and essence of the audit discipline are being formed on the basis of the basic principles set forth in international auditing standards, the national audit system and practice have not yet been fully adapted to

international requirements. Therefore, two main proposals are put forward in order to increase the efficiency of audit activities, further improve the quality of audits, and ensure the reliability of financial statements.

The first proposal is to fully integrate the national audit system with International Auditing Standards and strengthen inter-institutional coordination. This includes not only regulatory and legal harmonization, but also ensuring effective cooperation between state bodies, financial supervision, professional auditor associations, and the corporate sector. Constant comparison of national legislation and regulatory documents with international standards and their updating, if necessary, will increase the quality of audit processes, strengthen the reliability of audit conclusions, and create a foundation for the international recognition of the national audit system. At the same time, the creation of inter-institutional coordination mechanisms will increase transparency in audit processes and the possibility of effective use of financial resources. This will not only improve the quality of auditing, but also serve to strengthen the investment climate and ensure economic stability. The second proposal is the comprehensive introduction of modern information technologies and a risk-based approach. The use of digital tools, automated data analysis programs, electronic documentation systems, and artificial intelligence technologies in the audit process significantly improves the quality of the audit. At the same time, a risk-based approach allows auditors to optimally allocate audit resources, increase attention to areas with a high probability of material errors, and increase the efficiency of the audit process. When modern technologies and a risk-based approach are applied together, the audit process will not only be limited to checking financial statements, but will also support corporate governance, strengthen the internal control system, and generate reliable information for investment decisions. At the same time, auditors should participate in regular training and certification programs to effectively use modern IT tools, which will increase the professional level of auditing activities and ensure compliance with international standards. In general, these two proposals - harmonization of the national audit system with international standards and integrated implementation of a risk-based approach with modern technologies - serve as an important solution to improving the quality of auditing, ensuring the transparency of financial statements, and transforming the national audit institution into an effective system on a global scale. In conclusion, it can be said that the content and essence of auditing are of great importance in modern economic conditions not only theoretically, but also practically. Auditing is one of the main institutions that form an atmosphere of trust among market

participants by ensuring the accuracy and fairness of financial statements. The study revealed that auditing activities are not limited to the verification of financial statements, but have become a complex system that serves to improve the efficiency of corporate governance, reduce financial risks, and strengthen the internal control system. Therefore, audit should be considered not only as a control tool, but also as an important institution supporting the enterprise's strategy.

The results of theoretical analysis showed that audit activities are based on such basic principles as independence, objectivity, professional competence, prudence and confidentiality. Strict adherence to these principles ensures the reliability of audit conclusions and creates an important and reliable information base for users of financial statements. For example, the auditor's independent decision-making and professional skepticism increase the possibility of detecting financial errors and uncertainties. At the same time, the principle of confidentiality ensures the protection of enterprise information and increases the quality of audit services. International auditing standards, by defining these principles on a single methodological basis, serve to ensure the uniform quality of audits at the global level, which is an important scientific basis for the development of the national audit system and its adaptation to international requirements.

The results of the comparison showed that there are commonalities between national audit practice and international standards, while in some cases international standards offer a more complete and systematic approach. In particular, international standards define the processes of audit planning, risk assessment, internal control system study, and documentation of audit evidence in a more thorough and systematic manner. This situation creates the need to further improve the national audit system. At the same time, the risk-oriented approach and the implementation of modern technologies make the audit process fast, efficient, and high-quality, which serves to increase the transparency and comparability of financial statements. In general, the results of the study proved that the content and essence of auditing science are developing based on the principles established by international auditing standards. Adapting the audit system to international requirements is an important factor in increasing the reliability of financial statements, improving corporate governance, strengthening the investment climate, and ensuring economic stability. At the same time, the results of this study serve as a theoretical and methodological basis for the further development of auditing activities, the improvement of the national audit system, the improvement of the professional skills of auditors, as well as scientific research and

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practical activities. In the future, based on these results, it will be possible to further modernize national auditing practice, widely introduce modern technologies, and comprehensively implement a risk-based approach, which will allow raising the quality of audits to the level of global standards.

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