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ACCOUNTING IN INSURANCE ORGANIZATIONS: INTERNATIONAL OPERATIONS

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The organization of business processes operating in our republic on the basis of international standards requires consideration of the level of organization of the accounting and audit system, similar to that in developed countries. The audit process covers all aspects of auditing standards. In particular, the more reliable the evidence collected by the auditor is, the more important and accurate the conclusions drawn.

“International auditing standards are important in regulating an audit. They cover planning an audit, collecting audit evidence, applying the selected audit methodology, preparing an audit report and expressing an opinion on the reliability of the financial statements, documenting the audit, and more. It should be noted that the standards do not address the methodology for conducting an audit; in fact, the methodology is developed during the audit”. [1]

The reliability and accuracy of the information formed as a result of the accounting operations of the insurance organization and presented for the preparation of financial statements is an objective requirement for the independent assessment of information by auditors. The head of the insurance organization must take into account that the auditor ensures the reduction of the risk of incorrect receipt of financial statements of insurance activities.

It can be said that an audit is organized on the financial statements of insurance organizations in order to ensure the reliability of their financial statements, to determine the financial stability and solvency of an insurance organization, to



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determine the compliance of financial and economic operations carried out by it with applicable legislation, and to confirm the correctness and validity of the accounting and reporting of financial results of insurance organizations.

At the same time, “As globalization expands, the need for commonly understood financial information increases. High-quality auditing can increase the reliability of financial statements and reduce costs and capital expenditures. The use of IFRS strengthens international competitiveness, helps to increase potential impact, and creates a basis for identifying new directions for economic research.

“International harmonization of auditing standards can contribute to the development of an efficient and global economy, while ensuring that users and their markets receive relevant and reliable accounting information”. [2]

It is necessary to emphasize that today, the establishment of strong links between economic processes in order to develop each of them separately is a force that ensures microeconomic growth and leads to macroeconomic growth. This can be confirmed by the data and analysis obtained as a result of scientific research. That is, the audit of the financial statements of insurance organizations is an integral part of the development of the insurance services market, and from this point of view, the conclusion issued by the auditor is also considered an integral part of the financial statements of the insurance organization.

The developed world practice of auditing shows that "a quality audit requires a deep understanding not only of accounting and auditing standards, but also of the specific characteristics of the activities, problems and risks of the audited entity."

[3]

When auditing insurers, it is impossible to ignore the specific features of insurance activity itself, since they are predetermined by specific insurance legislation, the specific features of accounting for insurance operations and the preparation of financial statements, accounting for insurance directors, the



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existing features of taxation of insurance organizations, and others. According to A. Ahrens and J. Lobbeck, “it is important to have an understanding of the client’s orientation in order to correctly interpret the meaning of the information obtained during the audit.”[4] The auditor should not only understand the accounting, but also be competent in collecting and interpreting audit evidence. The auditor should not ignore the timing and results of the audit, each element of the report. In this regard, Resolution No. PP-3946 “On measures to further develop auditing activities in the Republic of Uzbekistan” was adopted on September 19, 2018. Accordingly, in order to further improve the conditions for the development of the audit services market and introduce modern approaches in accordance with international standards in regulating audit activities:

“Improvement of legal documents on audit activities, including on the basis of international standards, aimed at improving the quality of audit services and strengthening the trust of the entire professional community in the results of the work of audit organizations to form an effective system of external control over the quality of work of organizations;

to attract young people to the auditing profession, in particular, to ensure active cooperation of professional public associations with relevant higher educational institutions;

to increase the level of involvement of audit organizations in international audit networks, including organizing active methodological support for audit organizations and auditors in the application of international auditing standards; The issues of activating the activities of public associations of auditors of the republic to cooperate with international organizations that set international auditing standards, and to popularize world best practices in the application of these standards were considered. The resolution also stipulates the following:



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Commercial organizations that meet two of the following conditions at the end of the reporting year must also undergo a mandatory audit every year:

If the balance sheet value of assets exceeds 100 thousand times the minimum wage;

If the revenue from the sale of products (works, services) exceeds 200 thousand times the minimum wage;

if the average annual number of employees exceeds 100 people;

b) audit organizations shall carry out audit activities only on the basis of international auditing standards published by the International Federation of Accountants;

c) the results of external quality control of audit organizations conducting statutory audits shall be published on the website of the Ministry of Economy and Finance of the Republic of Uzbekistan”.[5]

Based on the above, we can safely say that the legal and regulatory framework for auditing activities in Uzbekistan has been developed, and the next issue is the formation of a strong legal framework for insurance activities, and if activities are carried out in the economic sector on this basis, it would not be an exaggeration to say that all areas of the country’s economy will develop equally. In the Republic of Uzbekistan, much work has been done to implement international standards of financial reporting, establish a corporate governance system in business development, and introduce international standards of auditing and quality control. The procedure for applying international standards in Uzbekistan is also considered a process related to the organization of the audit system. The main purpose of summarizing the results of an audit under international auditing practice is to formalize the auditor’s conclusion on the profitability, liquidity and solvency of insurance organizations. To do this, the financial statements of the insurance organization must be prepared in accordance



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with international financial reporting standards.

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