

# THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF ORGANIZING AUDITS IN HOME OWNERSHIP COMPANIES AND MANAGING ORGANIZATIONS IN UZBEKISTAN

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Abstract:	Keywords:
The article will talk about monitoring the financial activities of UJMSH and management organizations, ensuring the reliability of financial statements, effective management and transparency of interpersonal relations. Audit activities are highlighted to help eliminate risks in UJMSH and management organizations, effectively manage assets, improve the efficiency of activities and ensure quality service to the population.	Transparency, homeowner association, risk, internal control, economic efficiency.

## Introduction

The organization of audit of home ownership companies (UJMSH) and managing organizations in Uzbekistan is instrumental in making the municipal services and housing management system in the country efficient and transparent. Audit, in a general sense, is the process of checking and evaluating the financial activities of an organization, aimed at identifying reliable information, ensuring the correct use of resources and ensuring the transparency of financial statements. The implementation of the audit process in UJMSH and management organizations will help to improve their financial and management efficiency.

Audit theory primarily demonstrates the need for investigations to be accurate and accurate of an organization's activities, financial operations, and reports. In the process, auditors analyze the activities of the organization according to various criteria and identify existing problems. Auditing standards have been developed to ensure that organizations report correctly and reliably, as well as to increase accountability to the public and owners.<sup>1</sup>

The theoretical foundations of audit serve to ensure transparency of the activities of UJMSH and managing organizations in Uzbekistan. "By setting up the audit, the circumstances relevant to the financial statements and budgets of these organizations will be determined, which will help to increase financial efficiency."

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### Analysis of thematic literature

A number of methods and approaches are used when performing an audit. The main approaches to the audit process in UJMSH and managing organizations are as follows:

1. **Analysis and comparison method:** "by analyzing and comparing the data in financial statements, their accuracy and accuracy are evaluated. Through this style, auditors try to ensure the reliability of the reports and identify deficiencies in financial operas" <sup>2</sup>.
2. **Economic analysis and statistical methods:** by analyzing financial statements and results of activities by statistical methods, it is possible to assess the overall economic condition of the organization. Through economic analysis, the financial position of the organization, risks and points of weakness are determined.
3. **Documentary investigation and direct control:** "it is important to analyze the activities and reports of the organization through a direct documentary examination. In this case, the documents necessary for each financial transaction are identified and checks are carried out aimed at confirming their authenticity." <sup>3</sup>

### Objectives of audit activities in UJMSH and management organizations

The main purpose of auditing activities in home ownership companies (UJMS) and management organizations in Uzbekistan is to control the financial activities of these organizations, ensure the reliability of financial statements, effective management and transparency of interpersonal relations. Through these goals, audit activities are aimed at eliminating risks in UJMSH and management organizations, effectively managing assets, improving the efficiency of activities and ensuring quality service to the population.

A number of audit methods are used to identify and reduce risks. These include:

1. **Documentary checks:** "all financial documents of the organization are checked, and the information contained in them is determined to be real and reliable. Through a documentary examination, errors and shortcomings in financial operas are identified. This will help auditors determine the source of the risks" .
2. **Financial analysis and comparison:** "auditors analyze financial statements and indicators and compare them with previous years or other organizations. This process helps to identify changes, vulnerabilities and risks in the financial situation" .
3. **Risk-based approach:** in a risk-based approach, auditors focus more on areas where risk is higher in organizational activities. This method makes it possible to quickly identify and eliminate operas that are dangerous.

After auditors have identified risks, various measures are recommended to mitigate them.

Risk reduction methods include:

<sup>1</sup>Egorova L. V. Accounting and auditing in non-profit organizations: theory, methodology and practice: abstract. diss. ... Dr. of Economics. sciences. – Rostov-on-Don: Institute of Open Education, 2008. – 47 p.

<sup>2</sup> Loginova G. G. Improvement of investment activities of management companies in housing and communal services: abstract. dis. ... candidate of Economic Sciences. – Moscow: State Academic Prof. retraining and advanced training, 2007. – 21 p.

<sup>3</sup> Usmanova T. H. Methodology, methodology and organization of the educational process and audit in the housing and communal services system: dis. ... Doctor of Economics. sciences. – Moscow: Financial Academy under the Government of the Russian Federation, 2009. – 430 p.

1. Strengthening the internal control system. The implementation of an effective internal control system in UJMSH and managing organizations is one of the main means of reducing risks. "The internal control system provides the necessary tools to ensure the legitimacy and reliability of each financial transaction. This system is also used to address the shortcomings identified in the audit process" .

2. Implementation of audit recommendations. Auditors develop specific recommendations to reduce risks. Through these recommendations, the financial stability of the organization increases, and risk situations decrease. For example, " recommendations such as spending cuts or efficient allocation of resources will help improve the organization's activities".

3. Compliance with legislative requirements. Compliance with legislative requirements is important in reducing risks. "By organizing financial transactions in accordance with the requirements of the legislation, the legal risks of the organization are reduced and reliability increases."

The effective use of resources in organizations helps to improve its economic condition and ensure its financial stability. This process includes resources-financial resources, personnel, infrastructure and time. Through their effective management, it is possible to stabilize the activities of the organization and improve the quality of Service. Efficiency in resource use:

1. Spending is optimized through efficient management to reduce costs, which helps to lower costs and increase the income of the organization.

2. To create convenience and conditions, the technical and financial capabilities of the organization are improved by the correct allocation of resources, which increases the quality and efficiency of services for users.

In ensuring effective management, a number of tools are used in audit activities:

1. Implementation of budgeting and financial planning when conducting an Audit. Through financial planning and budgeting, the financial resources of the organization are directed to specific goals. Through budgets, the expenses and income of the organization are foreseen, helping to strengthen financial discipline .

2. Analysis of spending in the Audit process. The auditors analyze in what way the financial resources of the organization are used. Cost analysis is performed to ensure that spending is targeted and efficient. Through this analysis, excessive and inefficient costs are identified and recommendations are made to reduce them.

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3. Strengthening the internal control system: the internal control system is an important tool in controlling financial and management processes in an organization. Through this system, every financial transaction and resource expenditure will be under constant control. Through an effective internal control system, deficiencies are identified and corrected in a timely manner, which ensures the rational management of resources.

<sup>6</sup>Egorova L. V. Accounting and auditing in non-profit organizations: theory, methodology and practice: abstract. diss. ... Dr. of Economics. sciences. – Rostov-on-Don: Institute of Open Education, 2008. – 47 p.

<sup>7</sup> Loginova G. G. Improvement of investment activities of management companies in housing and communal services: abstract. dis. ... candidate of Economic Sciences. – Moscow: State Academic Prof. retraining and advanced training, 2007. – 21 p.

<sup>8</sup>Yurchenko S. Y. Improvement of housing sector management on the example of homeowners' associations of the Khabarovsk Territory: abstract ... PhD in Economics – Khabarovsk: Pacific State University, 2009. – 23 p.

4. Improving staffing: it is also important that the organization has qualified personnel to ensure effective management. In the audit activities, recommendations were made to improve personnel skills, assess their performance and retrain in accordance with the needs of the organization. It provides the basis for effective resource management and long-term development of the organization.

Auditors make a number of recommendations to ensure effective management and improve resource utilization. These recommendations are:

**1. Budget planning and analysis:** auditors recommend analyzing plans and expenses related to the organization's budget.<sup>9</sup>

Budget planning helps maintain financial discipline and target spending.

**2. Cost effectiveness assessment:** auditors argue that cost assessment is necessary to ensure that the organization's costs are accurately and purposefully spent. Recommendations are made to reduce excessive and inefficient spending.

**3. Strengthening internal control:** strengthening the internal control system to control financial processes in the organization and make resources efficient

Effective management and rational use of resources ensure the economic stability of the organization, optimization of spending and the effectiveness of its overall activities. By improving the use of resources in UJMSH and managing organizations and making management effective, the organization is financially stable and able to provide high-quality services to the population. Measures introduced with the aim of ensuring effective management and rational allocation of resources through audit recommendations will contribute to the long-term development of the organization.

#### **4. Ensuring compliance with legislation**

Compliance with legislation is one of the main factors in ensuring stability and reliability in the activities of UJMSH and managing organizations. By carrying out the activities of these

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organizations in accordance with the laws, they increase their accountability to the public and the state, reduce risks and ensure the stability of activities. It includes ensuring compliance with legislation in Uzbekistan, compliance with regulatory legal acts created for homeowners companies and managing organizations, as well as adaptation to international standards and requirements.

The main importance of adapting to legislation is that it reduces the legal risks of the organization and ensures its stable functioning. If an organization does not comply with the law, legal sanctions and penalties may be imposed on it, which negatively affects its financial stability and reliability.

In organizations, a number of measures and mechanisms are introduced to ensure compliance with legislation:

1. Awareness of regulatory legal acts: organizations and their employees must regularly familiarize themselves with the requirements of current legislation and regulatory documents. This helps to quickly adapt when changes are made to current legislation.

<sup>9</sup>Yurchenko S. Y. Improvement of housing sector management on the example of homeowners' associations of the Khabarovsk Territory: abstract ... PhD in Economics – Khabarovsk: Pacific State University, 2009. – 23 p.

2. Internal audit and control: an internal audit system is implemented so that financial transactions and management processes within the organization comply with legislative requirements. Through this system, the activities of the organization are checked for compliance with the legislation and the necessary measures.

3. Legal advice and legal assistance: legal consultants and legal experts assist in solving legal issues in the activities of the organization. Through their advice, compliance with legislation is ensured and legal risks.

Analysis and results.

The following drawing 1.2.1 describes the main directions for ensuring compliance with legislation in UJMSH and governing organizations in countries such as Germany, Japan and Russia. These include legal advice and legal assistance, internal audit and supervision, and awareness of regulatory legal documents. Through these mechanisms, organizations in foreign countries achieve activities consistent with legislation.

**Draw 1.2.1. The main directions of ensuring compliance with legislation in UJMSH and management organizations <sup>10</sup>**

**5. Improving the quality and satisfaction of services to the population**

Improving the quality and satisfaction of services to the population in home ownership companies (UJMSH) and managing organizations is one of their main goals. Ensuring the quality of Service and the satisfaction of the population ensures the sustainable development of the organization, its trust in the public and its strong relationship with customers. In Uzbekistan, it is important in UJMSH and management organizations to maintain social stability and increase overall satisfaction with services by providing high-quality services to the population and meeting their requirements.

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<sup>10</sup>Compiled by the author

By providing quality services to the population, UJMSH and governing organizations achieve increased reliability among the public and the population. As a result of this, organizations:

**1. Meeting population demands:** by providing quality services, organizations take measures aimed at meeting the needs of the population, which increases the level of satisfaction of the population.

**2. Strengthening the image of the organization:** quality service improves the image of the organization and forms its positive image, which helps to strengthen trust in the population and the public.

**3. Trusting relationships with the public:** building trusting and productive relationships with the population, actively interacting with them, increases the social importance of the organization.

#### **6. Ensuring economic efficiency**

One of the important goals of audit activities is to increase the overall economic efficiency of UJMSH and managing organizations. This is done on the basis of the results of the audit in order to reduce spending, effectively allocate resources and make the activities of the organization economically efficient. This includes the following tasks:

- expenditure control: through auditors, the basic expenses of the organization are analyzed and recommendations are made to reduce them.

- improving economic results: "on the basis of audits, recommendations are developed to improve the economic results of the organization. This will especially help strengthen the financial position of the company."<sup>11</sup>

The main objectives of audit activities in UJMSH and management organizations are to ensure financial transparency, reduce risks, improve effective management and resource use, ensure compliance with legislation and increase the quality and satisfaction of services to the population. The audit also provides recommendations aimed at ensuring the economic efficiency of the organization. Through these objectives, audit activities will help to develop the activities of UJMSH and managing organizations in a stable, efficient and in the interests of the population.

<sup>11</sup>Yurchenko S. Y. Improvement of housing sector management on the example of homeowners' associations of the Khabarovsk Territory: abstract ... PhD in Economics – Khabarovsk: Pacific State University, 2009. – 23 p.



Table 1.2.2 Objectives of audit activities <sup>12</sup>

Goals	Description	Implementation methods	Advantages
1. Ensuring financial transparency	Ensuring the accuracy and reliability of financial information, increasing transparency in the financial contributions of the organization.	Preparation of financial statements in accordance with international standards, conducting regular audits.	To increase the trust of society and the population, to form a positive image of the organization.
2. Risk detection and mitigation	To identify risks in the financial and managerial activities of the organization and take measures aimed at reducing them.	Documentary investigations, financial analysis and comparison, risk-based approach.	Increase financial stability, ensure the overall effectiveness of the organization.
3. Effective management and improved resource utilization	Proper distribution of financial and management resources, helping to effectively manage activities.	Audit recommendations, analysis of financial statements, strengthening the internal control system.	Improving economic efficiency, saving resources, continuous development of the organization.
4. Ensuring compliance with legislation	Ensuring compliance of financial and managerial activities with the requirements of current legislation.	Acquaintance with legislation and Mei-riy documents, audit of legal specialists ishti-Roki, compliance with the rules of internal audit.	Avoiding legal problems, reducing the legal risk of the organization.
5. Improving the quality and satisfaction of services to the population	Monitoring the quality of services provided to the population and ensuring a high level of satisfaction.	Implementation of a quality control system, taking into account the opinions of the population, regular reporting.	The confidence and satisfaction of the population in the organization increases, improving the quality of Service.
6. Ensuring economic efficiency	To reduce spending and increase the iq-thisodium-efficient-GI of external-lot activity.	Analysis of spending, making recommendations, optimizing the budget, saving resources.	Activity is effective-to increase GI, reduce Khara-Jats, ensure financial stability.

<sup>12</sup>Compiled by the author

### Conclusions and Suggestions

The organization of audit in home ownership companies and management organizations in Uzbekistan is important not only to ensure the correctness of financial statements, but also to improve the effectiveness of the organization. From foreign experience, through the adaptation and introduction of audit in Uzbekistan, the financial stability and reliability of companies is ensured, the quality and transparency of Service is improved. With the help of appropriate audit standards and legal framework, UJMSH and management organizations can become a system that operates efficiently and reliably.

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