

Experiences of Foreign Countries on the Development of Existing State-Owned Enterprises

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Annotation

The paper explores the foreign experiences of conducting audits in public institutions, focusing on countries with mature auditing systems: the UK, Germany, Australia, Canada, and Singapore. These nations were chosen due to their long-standing traditions of transparency, governance, and financial stewardship. The study highlights the evolving role of audits beyond traditional financial scrutiny towards improving public service delivery. It also delves into the challenges introduced by technological advancements, emphasizing the importance of auditor independence and considering cultural nuances in audit practices. The insights from this research are pivotal for countries aiming to strengthen their public auditing systems.

Keywords: *Public Auditing, Transparency, Financial Stewardship, Governance, Auditor Independence, Technological Advancements, Service Delivery, Data Security, Cultural Nuances, Public Trust, Accountability, Mature Auditing Systems, Performance Audits, Financial Integrity, Skill Upgradation.*

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Introduction

Auditing stands as the cornerstone of good governance in public institutions. Its significance transcends mere financial assessment; it is instrumental in holding governments accountable, ensuring fiscal transparency, and optimizing the utility of public resources. In recent years, the public's demand for transparency and the subsequent need for governments to bolster confidence in their fiscal operations has thrust the realm of auditing into the spotlight.

Moreover, the globalized nature of our world today implies that public auditing is no longer confined to local or national standards and practices. The sharing of experiences, challenges, and best practices across borders has become the norm. Consequently, there is an increasing emphasis on understanding how different countries approach the audit of their public institutions, the methodologies they employ, the challenges they face, and the innovations they bring to the table.

By examining foreign experiences in public auditing, we can foster a more comprehensive understanding of the discipline, benefiting from the diverse range of practices and insights. Such knowledge can also pave the way for refining auditing practices and introducing innovative solutions tailored to specific national contexts.

This research paper embarks on a journey across continents, investigating the foreign experience of conducting audits in public institutions. Our aim is not just to highlight differences, but to unravel commonalities, learn from varied methodologies, and understand the core principles that underpin public auditing worldwide.

Materials and Methods

Study Design Given the explorative nature of this research, a qualitative design was deemed the most appropriate. This approach enables a deeper understanding of the context, intricacies, and nuances of public auditing practices in different countries. By analyzing primary and secondary data sources, the study seeks to provide a comprehensive account of the foreign experiences of conducting audits in public institutions.

Data Collection

1. **Public Audit Reports:** These serve as primary sources of data, offering firsthand information on the audit findings, methodologies employed, and recommendations made.
2. **Government Publications:** Key to understanding the legislative and regulatory framework guiding public audits, these documents offer insights into national standards, procedures, and guidelines.
3. **Academic Journals:** Scholarly articles provide an objective analysis, critiques, and discussions on auditing methodologies, challenges, and innovations. They supplement primary sources by offering academic perspectives and evaluations.
4. **Interviews with Auditing Experts:** These were conducted to gather subjective experiences, opinions, and insights from professionals in the field. The interviews focused on understanding challenges, best practices, and the evolution of auditing standards and methods in their respective countries.

Table 1 Literature review

| <i>Author(s) & Year</i> | <i>Title</i> | <i>Key Insight</i> |
|--|--|---|
| <i>Smith, J. (2015)</i> | The Evolution of Public Auditing Standards | Traces the development of public auditing standards, with emphasis on ISSAIs. |
| <i>Anderson, R. & Lee, H. (2017)</i> | Performance Auditing: A Global Perspective | Examines the growth of performance auditing and its varying application among countries. |
| <i>Davies, W. (2018)</i> | The Role of Technology in Modern Auditing | Highlights the transformative potential of AI and data analytics in public auditing. |
| <i>Kumar, S. & Patel, Y. (2019)</i> | Auditing Independence in Emerging Economies | Evaluates challenges to auditing independence in emerging economies and suggests fortifying measures. |
| <i>Chen, L. (2016)</i> | Public Auditing Practices in East Asia | Contrasts auditing practices across East Asia, highlighting regional specificities. |
| <i>Martinez, P. & Rodriguez, L. (2017)</i> | Challenges of Public Auditing in Federated Systems: The Case of Mexico | Explores complexities of auditing in federated systems using Mexico as a case study. |
| <i>Brown, T. & Wilson, A. (2016)</i> | The Impact of Public Awareness on Auditing Effectiveness | Studies the correlation between public awareness and audit effectiveness. |
| <i>Ahmed, F. (2019)</i> | The Future of Public Sector Auditing: A Forecast | Offers projections about future trajectories of public auditing, emphasizing sustainability and technology. |
| <i>Williams, R. & Thomas, L. (2020)</i> | Training and Skill Development in Public Auditing | Emphasizes the need for continuous skill upgradation in auditing due to technological advancements. |
| <i>Turner, M. (2015)</i> | Auditing Ethics in Public Institutions | Delves into the ethical dimensions of public auditing, discussing dilemmas and the importance of integrity. |

Results

Background

Public auditing forms the bedrock of governance in many countries, ensuring transparency, financial responsibility, and public trust. However, not all countries possess equally mature or recognized auditing systems. To gain insights that are both valuable and transferable, it's critical to study those nations with well-established auditing frameworks.

Selection Rationale

- Tradition of Transparency:** Countries with a longstanding tradition of open governance typically have mature auditing systems. These countries often value the principle of making information accessible to the public and holding institutions accountable. A strong tradition of transparency typically correlates with a robust and rigorous auditing framework.
- Robust Governance:** Countries that have consistently emphasized good governance, rule of law, and institutional strength often house mature auditing systems. Such nations understand that public auditing is more than a regulatory requirement; it's a pillar of good governance.

3. **Financial Stewardship:** Effective management of public resources is a hallmark of nations with advanced auditing systems. These countries view audits not just as a means of financial oversight but also as tools for enhancing efficiency and optimizing resource allocation.

Table 2 Comparative analysis of the experiences of these countries

| <i>Country</i> | Key Auditing Body | Strengths/Features | Challenges | Unique Practices |
|------------------|---|--|---|--|
| <i>UK</i> | National Audit Office (NAO) | Rigorous financial audits, emphasis on transparency | Balancing political pressures with independent audits | Regular scrutiny of government policies and expenditures |
| <i>Germany</i> | German Court of Auditors | Stringent financial controls, robust public sector oversight | Adapting to EU financial regulations | In-depth public sector reviews and recommendations |
| <i>Australia</i> | Australian National Audit Office (ANAO) | Comprehensive approach (performance & financial audits) | Vast geographic distribution of public institutions | Dual focus on performance and financial audits |
| <i>Canada</i> | Office of the Auditor General | Federated auditing across multiple governance layers | Complexity due to federal, provincial, & territorial layers | Collaborative audits across different governance levels |
| <i>Singapore</i> | Auditor-General's Office | High efficiency, rigorous standards, innovative methods | Maintaining global benchmark status | Emphasis on tech-driven auditing solutions |

Example Countries with Recognized Auditing Systems

1. United Kingdom (UK): The UK's National Audit Office stands as a testament to its commitment to transparency and good governance. With regular audits of government expenditures and policies, the UK offers valuable insights into effective auditing practices.
2. Germany: With its reputation for stringent financial controls and a robust public sector, Germany sets a benchmark in public auditing. The German Court of Auditors ensures that public funds are used efficiently and as intended.
3. Australia: Australia's approach to public auditing is comprehensive, encompassing both performance and financial audits. The Australian National Audit Office regularly reviews public sector operations, ensuring both financial integrity and performance efficiency.
4. Canada: In a federated system like Canada's, auditing presents unique challenges. The Office of the Auditor General of Canada rises to these challenges, providing oversight across federal, provincial, and territorial levels.
5. Singapore: Known globally for its efficient and transparent governance, Singapore has an auditing framework that is both rigorous and innovative. The Auditor-General's Office in

Singapore ensures public funds' proper use and that government operations are efficient and effective.

Discussions

1. Evolving Role of Audits:

The landscape of public auditing has significantly transformed over the years. While the essence of ensuring financial accuracy and integrity remains, the scope has expanded immensely. Public audits are no longer limited to mere fiscal examinations. In countries like Australia, there's a growing emphasis on performance audits, which assess the efficiency and effectiveness of public services and projects. Such audits provide valuable feedback on how public institutions can improve their service delivery, optimize resource allocation, and fulfill their mandated objectives more efficiently. By doing so, auditing bodies contribute to enhancing the overall quality of public services and fostering better governance.

2. Challenges:

Advancements in technology have reshaped the auditing sector. While automation, data analytics, and other digital tools have enhanced the efficiency and scope of audits, they have also introduced new challenges. Data security becomes paramount, as breaches can compromise sensitive financial information. Furthermore, with the rapid pace of technological advancements, there's a continuous need for auditors to upskill. As seen in Davies' study in 2018 on "The Role of Technology in Modern Auditing," there's an increasing demand for auditors who are adept in digital tools, data interpretation, and cybersecurity.

3. The Importance of Independence:

The credibility of an audit's findings hinges largely on the perceived independence of the auditing body. When auditing institutions are protected from political, financial, or any other undue influence, their findings are more likely to be trusted and accepted. For instance, the German Court of Auditors, recognized for its robust oversight of the public sector, owes much of its effectiveness to its operational independence. Countries that institutionalize this independence tend to have a more robust public response to audit findings, fostering a culture of accountability and transparency.

4. Cultural Differences:

While auditing principles might have universal elements, their application often varies based on cultural contexts. In countries like Singapore, with its Confucian heritage, there might be a stronger emphasis on consensus-building and collective responsibility. On the other hand, countries like Germany, with a more bureaucratic tradition, might prioritize precision, strict compliance, and detailed documentation. Recognizing these cultural nuances is essential, as it ensures that audit processes are not only effective but also resonate with local values and norms.

Conclusion

The study into the foreign experience of conducting audits in public institutions offers profound insights into the ever-evolving landscape of public auditing across the globe. As illuminated by the experiences of countries with mature auditing systems like the UK, Germany, Australia, Canada, and Singapore, the essence of auditing has transcended beyond mere fiscal checks. Today, it serves as a beacon for public trust, governance excellence, and effective service delivery.

Several critical themes emerged from our study:

1. **Expanding Roles of Audits:** Modern-day audits play a pivotal role not just in financial scrutiny but also in enhancing public service delivery and ensuring that institutions operate at their zenith of efficiency and effectiveness.
2. **Technological Implications:** The double-edged sword of technology offers the potential to make audits more efficient, comprehensive, and accurate. However, it also ushers in challenges related to data security, skill upgradation, and the ever-present need to keep pace with rapid technological advancements.
3. **Auditor Independence:** The study reaffirmed the universal tenet that the independence of auditing bodies is sacrosanct. Countries that champion this principle are more likely to inspire public trust and confidence in audit findings.
4. **Cultural Nuances:** The efficacy and approach of public audits are often intertwined with the cultural fabric of a country. While the core principles of auditing remain consistent, their execution and emphasis can differ, underscoring the need for a nuanced, culturally-aware approach.

In essence, the study underscores the significance of public auditing as a cornerstone of modern governance. As nations grapple with increasing complexities, be it technological advancements or heightened public expectations, robust and adaptive auditing systems emerge as indispensable tools for fostering transparency, accountability, and effective governance. It is a clarion call for countries, irrespective of their developmental stage, to invest in, nurture, and uphold the integrity of their public auditing systems, ensuring they remain relevant, resilient, and ready for future challenges.

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