

ORGANIZATION OF BANK AUDIT BASED ON INTERNATIONAL STANDARDS (ON THE EXAMPLE OF IPAK YULI BANK)

Rajabova Maftuna Turakulovna

Banking and Finance Academy of the Republic of Uzbekistan

Annotation: This thesis explores the implementation of International Standards on Auditing (ISA) in the banking sector of Uzbekistan, with a specific focus on Ipak Yuli Bank. It examines the role of internal and external audits, the legal framework guiding bank audits, the challenges encountered during ISA implementation, and the practical outcomes of adopting international auditing practices. The paper emphasizes the importance of standardized audit procedures in ensuring financial transparency, mitigating risk, and increasing investor confidence.

Keywords: International Standards on Auditing, ISA, audit, banking sector, internal audit, external audit, financial reporting, Ipak Yuli Bank, Uzbekistan.

In an increasingly interconnected global financial system, the adoption of International Standards on Auditing (ISA) is vital for maintaining transparency, accountability, and investor trust in commercial banks. ISA, developed by the International Auditing and Assurance Standards Board (IAASB), provides a unified framework for conducting risk-based audits with a high level of reliability and consistency. For Uzbekistan's banking sector, where regulatory modernization and international integration are ongoing priorities, ISA implementation represents a strategic shift toward global best practices. This paper investigates how Ipak Yuli Bank has adopted and integrated ISA into its audit procedures.

1. Overview of ISA Standards in Banking The audit of banks under ISA focuses on key standards such as:

- ISA 315: Identifying and assessing the risks of material misstatement;
- ISA 330: Designing and implementing responses to assessed risks;
- ISA 540: Auditing accounting estimates and related disclosures;
- ISA 700: Forming an opinion and reporting on financial statements.

These standards are particularly relevant for commercial banks, which manage complex financial instruments, large transaction volumes, and significant credit risk.

2. Legal and Regulatory Framework in Uzbekistan In Uzbekistan, the Ministry of Finance and the Central Bank regulate audit activity. As of 2020, commercial banks are required to prepare financial reports in accordance with IFRS and undergo ISA-compliant audits. Key regulatory documents include the Law "On Auditing Activity" and presidential decrees (e.g., PQ-4611, PF-198), which have accelerated the shift to international standards.

3. Internal and External Audit Organization at Ipak Yuli Bank Ipak Yuli Bank has established a two-tier audit system:

- Internal Audit: Operates independently, reports to the Supervisory Board's Audit Committee, and performs risk-based audits of operations and compliance.
- External Audit: Conducted annually by independent audit firms in accordance with ISA. Audit reports are publicly disclosed and include opinions on IFRS compliance.

From 2019 to 2023, the bank strengthened internal control systems and adopted automated tools for audit tracking, resulting in improved audit efficiency and reduced discrepancies.

4. Challenges in ISA Implementation Ipak Yuli Bank, like other Uzbek banks, faced several obstacles:

- Shortage of ISA-certified professionals;
- Initial lack of clarity on the Uzbek translation of ISA;
- Complexity of auditing accounting estimates under IFRS 9;
- Integration of IT systems and data for audit purposes.

To mitigate these challenges, the bank invested in training, involved external consultants, and digitized parts of its audit process.

5. Impact and Benefits The adoption of ISA has led to:

- Improved reliability and transparency in financial reporting;
- Faster and more accurate audits;
- Stronger internal governance and compliance culture;
- Enhanced investor confidence and alignment with international partners (e.g., ADB, IFC).

Conclusion. The case of Ipak Yuli Bank demonstrates that successful implementation of ISA in commercial banks is achievable through strong institutional commitment, regulatory support, and continuous capacity building. The alignment with international auditing standards not only strengthens risk management and internal control but also positions Uzbek banks as credible players in the global financial ecosystem.

References

1. IAASB (2020). International Standards on Auditing (ISA). IFAC.
2. Ministry of Finance of Uzbekistan (2020). Law "On Auditing Activity".
3. Presidential Decree PQ-4611 (2020). On Transition to International Financial Reporting Standards.
4. Egamberdiyeva, S.R. (2019). Financial and Management Accounting. Tashkent: Science and Technology.
5. World Bank (2021). Audit and Financial Oversight in Emerging Markets.
6. Ipak Yuli Bank (2021–2023). Annual Reports and Audit Disclosures.
7. Basel Committee on Banking Supervision (2020). Guidelines for Internal Audit in Banks.