

IFAC Member Compliance Program Dashboard Report January 2020

For more information on IFAC Member Compliance Program Dashboard Reports and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements please refer to [IFAC Member Compliance Program–Dashboard Report Explanatory Note](#).

Uzbekistan/National Association of Accountants and Auditors of Uzbekistan (NAAA Uz)	
Established:	1992
IFAC status:	Associate since 2000
Recognition:	General Consensus
Membership:	Voluntary
Commitment to the IFAC mission:	Demonstrated
Capacity to actively participate in the IFAC Compliance Program:	Demonstrated
Financial and operational viability:	Appropriate
Governance structure:	Appropriate
Internal operational structure:	Appropriate

Membership Composition (2017)		Sector Profile (2017)	
Certified Public Accountants / Chartered Accountants	105	Public Practice	924
Accounting / Audit Firms	64	Business / Industry	23
Certified Accounting Technicians	889	Public Sector	3
Associates & Bookkeepers	58	Academia / Education	102
Students	97	Students	97
		Accounting / Audit Firms	64
Total:	1,213	Total:	1,213

Overview of Statutory Framework for Accounting and Auditing

Accounting, auditing, and financial reporting requirements in the Republic of Uzbekistan are stipulated in the [Law on Accounting of 1996](#), as amended in 2016, and the [Law on Auditing Activity of 1992](#) as amended in 2018.

The Law on Accounting establishes basic accounting and bookkeeping requirements for all legal entities in the Republic of Uzbekistan, except for banks and credit institutions, and authorizes the Ministry of Finance of the Republic of Uzbekistan to set accounting standards both for private companies and state-financed organizations. National Accounting Standards adopted by the Ministry are a modified version of IAS as they existed in 2008. Full adoption of IFRS is being considered, although no defined timeline has been established.

The Central Bank of Uzbekistan (CBU) establishes accounting requirements for banks and credit institutions under the [Law on Banks and Banking Activity of 1996](#). In 2004, the CBU adopted IFRS in existence at the time for application in the financial statements of entities under its supervision. The standards have not been updated to incorporate subsequent changes to IFRS. Prudential reporting rules established by the CBU also fall short of the requirements of IFRS.

The Law on Auditing Activity of 1992 as amended in 2018 defines the requirements for audit of financial statements of all companies. According to the Law, the following types of entities must have their financial statements audited: (i) banks and other institutions licensed by the CBU; (ii) insurance companies; (iii) all joint-stock companies; (iv) investment and other funds administering monetary investments of the public at large; (v) charities and non-government organizations; (vi) entities where the sole or one of the shareholders is a public sector entity; and (vii) stock exchanges. In addition, any entity may choose to have their financial statements audited.

Under the Law, the Ministry of Finance has the legal mandate to set and enforce auditing standards. The Uzbek National Standards of Auditing issued by the Ministry are based on ISA in effect as of 2008.

However, full adoption of ISA has been an objective of the Government of Uzbekistan for the last decade. In 2010, ISA were adopted for application by listed companies effective 2017 through the Decree of the President of the Republic of Uzbekistan No. 1438. The 2013 amendments to the Law on Auditing Activity have further extended the scope of application of ISA by allowing all companies to follow ISA. Finally, on September 19, 2018, the Presidential Resolution No. 3946 [On Measures to Further Develop Audit Activity in the Republic of Uzbekistan](#) was adopted which requires all audits to be conducted in accordance with ISA as translated into the Uzbek language and published on the website of the Ministry of Finance effective 2020.

Regulation of the Accountancy Profession

Auditors and chief accountants of entities subject to mandatory audit are regulated in the Republic of Uzbekistan by the Government. Other accountancy professionals may choose to join professional accountancy organizations (PAOs) on a voluntary basis and be subject to their self-regulation.

Regulation of Auditors

The [Law on Auditing Activity of 1992](#) as amended in 2018 authorizes the Ministry of Finance to regulate audit activity.

In particular, the Ministry is responsible for: (i) certifying auditors; (ii) establishing requirements for professional educational programs and examinations; (iii) licensing and maintaining registries of licensed auditors and audit firms; (iv) establishing continuing professional development (CPD) requirements for auditors; (v) conducting inspections of audit firms; and (vi) suspending audit firms' licenses and certificates in case of infringement of law or misconduct.

PAOs, under the same law, may participate in the development of educational programs, examination procedures, and conducting professional examinations; contribute to the development of relevant laws and regulations; perform mandatory ratings of audit firms and quality assurance (QA) reviews of their member audit firms; and investigate and discipline their members. At the time of writing of the report, there is no requirement for auditors to be a member of a PAO.

Requirements for entering the audit profession are outlined in the Law on Auditing Activity, including the procedures for certification, licensing, and registration of auditors. As mentioned above, the Ministry is responsible for the certification process and operates its own training and examination programs. Candidates are required to have a University degree in economics, obtain practical experience of no less than three years, complete professional training in the accredited training centers, and pass examinations. Holders of certain qualifications such as ACCA, CGA, CAP/CIPA, etc. are exempt from professional training. Following qualification, auditors must fulfill CPD requirements established by the Ministry. Practice licenses are issued by the Ministry of Finance, which also registers auditors.

Technical standards to be applied by the profession are specified in the Law on Auditing Activity, which requires application of either Uzbek National Standards of Auditing or ISA depending on the type of company and establishes limited ethical requirements.

On September 19, 2018, the Presidential Resolution No. 3946 [On Measures to Further Develop Audit Activity in the Republic of Uzbekistan](#) was adopted that will result in several changes to the regulation of the auditing profession. Effective 2020, the following changes are expected to be implemented in Uzbekistan: (i) all auditors will be required to use ISA; (ii) the Ministry of Finance, in cooperation with recognized PAOs, will be responsible for conducting QA reviews of audit firms that conduct mandatory audits; (iii) all auditors and audit firms will be required to be members of a recognized PAO; and (iv) audit licensing will be conducted by PAOs.

Regulation of Accountants

As noted above, chief accountants of enterprises that must undergo mandatory audits are also subject to limited regulation by the Ministry of Finance under the [Law on Accounting of 1996](#).

The amendments to the Law on Accounting in 2016 introduced initial professional development (IPD) and CPD requirements for chief accountants of entities subject to mandatory audit. In order to practice as a chief accountant of such entities, individuals must have a university diploma and obtain practical experience of no less than three (3) years. In addition, chief accountants are required to undergo annual CPD programs of no less than 20 hours per year. The Central Bank of the Republic of Uzbekistan establishes additional requirements for chief accountants who provide services to entities under its supervision.

Accountancy professionals other than chief accountants may also choose to join a professional organization of accountants and auditors and be subject to the PAO's regulation.

Obtaining professional education is not required for the provision of accounting services. However,

PAOs offer voluntary certification programs such as CAP/CIPA and the national certification of accountants, establishing IPD, CPD, and ethical requirements for obtaining and maintaining accounting certifications. PAOs also establishes CPD requirements for all their members, investigate and discipline their members, and conduct voluntary quality assurance reviews. In particular, the Regulation on the Certification of Accountants adopted in 2015 stipulates IPD and CPD requirements for obtaining and maintaining the national certification of accountants (developed by the National Association of Accountants and Auditors, the Chamber of Auditors, and the Federation of Accountants of Uzbekistan) and requires holders of the certification to be a member of a PAO, follow a Code of Ethics, and fulfill mandatory CPD requirements.

Professional Accountancy Organizations

The Chamber of Auditors (ChAUz)

ChAUz was formally established on August 9, 2000 by the Ministry of Justice of the Republic of Uzbekistan as a voluntary membership organization with the mission of supporting the development of auditors' professional expertise and protecting their professional interests. As a professional organization of auditors, the Chamber develops training programs for auditors, provides input to the relevant legislative acts, establishes training centers for auditors, develops guidance materials, conducts quality assurance (QA) reviews of its members, investigates and disciplines its members, holds conferences and seminars on accounting matters, and develops and promotes the Code of Professional Ethics for auditors. ChAUz is an Associate of IFAC.

The Federation of Accountants of Uzbekistan (FAU)

FAU, formerly known as the Federation of Accountants, Auditors and Consultants, was established in March 2014 as a voluntary membership organization to unite accountants in business. According to its Charter, its purpose is to assist with the development of the accounting profession and the adoption and implementation of international standards. FAU is not a member of IFAC.

The National Association of Accountants and Auditors (NAAA Uz)

NAAA Uz was founded in 1992 as a voluntary membership organization and is one of the oldest professional organizations in the Republic of Uzbekistan, uniting both accountants and auditors. Its mission is to assist with the development of the accountancy profession and the adoption and implementation of international standards. The mandate of NAAA Uz is to provide assistance to its members by carrying out educational and continuing professional development programs, maintaining a QA review program for its member audit firms, investigating and disciplining its members, providing consulting services, and advising the regulator on the accounting and auditing legislation. In addition to being an Associate member of IFAC, the NAAA Uz is an associate member of the [Asian-Oceanian Standards Setters Group \(AOSSG\)](#).

Projects and Other Initiatives

In September 2018, the Government of the Republic of Uzbekistan through the Presidential Resolution No. 3946 [On Measures to Further Develop Audit Activity in the Republic of Uzbekistan](#) outlined the priority areas for regulation and supervision of auditors. The resolution identified the following factors that lower the quality of financial reporting in the jurisdiction:

- (i) lack of trust in audit firms and low awareness of importance of auditor work;
- (ii) unhealthy competition, including damping, leading to low quality of audit services and reliability of audit opinions;
- (iii) insufficient education and professional development of auditors and resulting low prestige of the profession;
- (iv) lack of efficient systems of external quality assurance and investigation and discipline; and
- (v) partial adoption of ISA.

Consequently, the Government developed a Work Program, which envisions, but is not limited to, the following activities:

- (i) create an effective system of QA review, implemented by the Ministry of Finance in collaboration with the recognized professional accountancy organizations (PAOs);
- (ii) effective January 1, 2020 oblige organizations that satisfy two of the following criteria to undergo mandatory audits: (i) with net assets over 100, 000 minimal wages; (ii) revenue over 200,000 minimal wages; and (iii) over 100 employees;
- (iii) effective January 1, 2020, require application of ISA in all audits;
- (iv) develop criteria for recognition of PAOs and require mandatory membership of all auditors in such organizations. Recognized PAOs are to be involved in representing national profession internationally, including their involvement in the activities of IFAC; and
- (v) review the university curricula and develop a plan to bring it in line with the international best practices in education; include international standards in the curricula. Review and improve auditor certification/qualification processes and procedures.

Audit Oversight Arrangements

As of the date of the assessment, there is no independent audit oversight system in Uzbekistan. Auditors are regulated by the Ministry of Finance under the [Law on Auditing Activity of 1992](#) as amended in 2018.

In particular, the Ministry is responsible for: (i) certifying auditors; (ii) establishing requirements for professional educational programs and examinations; (iii) licensing and maintaining registries of licensed auditors and audit firms; (iv) establishing continuing professional development (CPD) requirements for auditors; (v) conducting inspections of audit firms; and (vi) suspending audit firms' licenses and certificates in case of infringement of law or misconduct.

At the time of writing of the report, there is no requirement for auditors to be a member of a PAO. In accordance with the Law on Auditing Activity, professional organizations of auditors participate in development of educational programs and examination procedures, conduct professional examinations, contribute to the development of relevant laws and regulations, perform mandatory ratings of audit firms, perform voluntary quality assurance reviews of their member audit firms, and investigate and discipline their members.

On September 19, 2018, the Presidential Resolution No. 3946 [On Measures to Further Develop Audit Activity in the Republic of Uzbekistan](#) was adopted which will result in several changes to the auditing profession. Effective 2020, the following regulatory changes are expected to be implemented in



Uzbekistan: (i) all auditors will be required to use ISA; (ii) the Ministry of Finance will be responsible for conducting QA reviews of audit firms that conduct mandatory audits; (iii) all auditors and audit firms will be required to be members of professional accountancy organizations (PAOs); and (iv) audit licensing will be conducted by PAOs.

Jurisdiction Status of Adoption

	Status	PAO Responsibility	Notes
QA	 Partially Adopted	Shared	<p>The Ministry of Finance is legally entrusted under the Law on Auditing Activity of 1992 as amended in 2000 to establish quality control requirements for audit firms in accordance with the Uzbek National Standards of Auditing issued by the Ministry, which are based on ISA in effect as of 2008.</p> <p>As of 2019, quality assurance (QA) reviews are required only for audit firms as part of undergoing an annual rating review. Reviews are conducted by professional accountancy organizations (PAOs).</p> <p>The National Association of Accountants and Auditors (NAAA Uz) reported in 2019 that the Cabinet of Ministers Resolution No. 274 of 2017 also allows PAOs to carry out QA reviews of all their members (both audit firms and individual auditors) on a voluntary basis.</p> <p>To fulfill the requirements of the law, professional organizations of auditors, such as NAAA Uz and the Chamber of Auditors (ChAUz), have adopted ISQC 1 and established QA review systems for their respective members. Both organizations report partial compliance of their systems with the requirements of SMO 1. The scope of the systems, the version of ISQC applied, lack of a public oversight authority, among other requirements, fall short of the international best practices.</p> <p>The Presidential Resolution No. 3946 On Measures to Further Develop Audit Activity in the Republic of Uzbekistan also acknowledges that the existing system of quality control of auditors' work is inefficient and limited in scope. It is envisioned that effective 2020 all auditors and audit firms will be required to undergo external QA reviews conducted by the Ministry of Finance in collaboration with the recognized PAOs.</p>
IESs	 Partially Adopted	No Direct	<p>Auditors, chief accountants of certain enterprises, and auditors providing services to entities supervised by the Central Bank of Uzbekistan are subject to specific educational requirements established by the respective authorities.</p> <p>The Law on Auditing Activity of 1992 as amended in 2018 authorizes the Ministry of Finance to establish initial professional development (IPD) and continuing professional</p>

	Status	PAO Responsibility	Notes
			<p>development (CPD) requirements for auditors. These requirements are implemented by the Ministry, universities, and professional organizations of accountants and auditors.</p> <p>The Ministry is responsible for the certification of auditors and operates its own training and examination programs. Candidates are required to have a University degree in economics, obtain practical experience of no less than three years, complete professional training in the accredited training centers, and pass examinations. Holders of certain qualifications such as ACCA, CGA, CAP/CIPA, etc. are exempt from professional training.</p> <p>The Ministry also establishes CPD requirements for auditors, which, according to the Chamber of Auditors (ChAUz), are in line with IES. Compliance with the CPD requirement is verified during quality assurance reviews by professional accountancy organizations.</p> <p>Universities provide the initial educational programming, which does not fulfill the requirements of IES, according to ChAUz.</p> <p>Chief accountants of entities that must undergo mandatory audits are subject to several IPD requirements established in the Law on Accounting of 1996, as amended in 2016. In order to practice as a chief accountant of such entities, individuals must have a university diploma and obtain practical experience of no less than three (3) years. In addition, chief accountants are required to undergo annual CPD programs of no less than 20 hours per year.</p> <p>The Central Bank of the Republic of Uzbekistan also establishes educational requirements for chief accountants who provide services to entities under its supervision. No information regarding the requirements is available.</p> <p>Accountancy professionals other than the categories described above may also choose to join professional organization of accountants and auditors and be subject to their educational requirements, including the requirements for obtaining voluntary certifications such as CAP/CIPA and the national certification of accountant developed by the National Association of Accountants and Auditors, the Chamber of Auditors, and the Federation of Accountants of Uzbekistan. Obtaining professional education is not required for the provision of accounting services. The extent of</p>

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			<p>alignment of the educational programming with IES has not been reported.</p> <p>As indicated in the Presidential Resolution No. 3946 of 2018 <i>On Measures to Further Develop Audit Activity in the Republic of Uzbekistan</i>, overall professional development of accountancy profession, both initial and continuing, needs to be significantly strengthened. The resolution requires the stakeholders, within specified timeframes, to review the university curricula; develop a plan to bring it in line with the international best practices in education; include international standards in the curricula; reconsider auditor certification/qualification processes and procedures; and explore modern learning methods and approaches, among other activities.</p>
ISAs	 Partially Adopted	No Direct	<p>Under the <i>Law on Auditing Activity of 1992</i> as amended in 2018, the Ministry of Finance has the legal mandate to set and enforce auditing standards. The Uzbek National Standards on Auditing are based on ISA in effect as of 2008.</p> <p>Full adoption of ISA has been an objective of the Government of Uzbekistan for the last decade. In 2010, ISA were adopted for application by listed companies effective 2017 through the Decree of the President of the Republic of Uzbekistan No. 1438. The 2013 amendments to the Law on Auditing Activity have further extended the scope of application of ISA by allowing all companies to follow ISA. The standards are translated by the National Association of Accountants and Auditors (NAAA Uz), which, as of 2019, has translated the <i>2013 ISA</i> as part of a World Bank's project for the Uzbek's banking sector. According to NAAA Uz, however, in practice the Russian translation of ISA is more widely applied.</p> <p>Finally, on September 19, 2018, <i>the Resolution on Measures for the Further Development of Audit Activities in the Republic of Uzbekistan No. 3946</i> was adopted, which requires all audits to be conducted in accordance with ISA as translated into the Uzbek language and published on the website of the Ministry of Finance effective 2020.</p>
IESBA Code of Ethics	 Not Adopted	Shared	<p>There is no legal requirement for professional accountants in Uzbekistan to abide by a Code of Ethics, with limited ethical requirements contained in the <i>Law on Auditing</i></p>

	Status	PAO Responsibility	Notes
			<p><i>Activity of 1992</i>. In the absence of a legal requirement imposed by the Ministry of Finance, which regulates the profession, the national professional organizations of accountants and auditors took the lead in introducing ethical requirements for their members who join them on a voluntary basis.</p> <p>In 2010, the Chamber of Auditors (ChAUz) and the National Association of Accountants and Auditors adopted a <i>joint Code of Ethics</i> for their members, which is based on the 2008 IESBA Code. No plans to adopt the most recent version of the IESBA Code either at the jurisdictional level or by professional organizations for their members have been reported.</p> <p>Information on the adoption of the IESBA Code by the Federation of Accountants of Uzbekistan, which is not a member of IFAC, is not available.</p>
IPSASs	 Not Adopted	No Direct	<p>The Ministry of Finance is responsible for establishing public sector accounting standards. It has adopted a <i>Public Financial Management Reform Strategy</i> with a transition period to the international standards envisioned for 2009–2018. The <i>Budget System Reform Project</i>, a joint initiative between United Nations Development Project and the Ministry of Finance, and a key part of the reform strategy, aims to bring the <i>National Public Sector Accounting Standards (NPSAS)</i> in line with IPSAS. The development of 12 converged NPSAS was announced during roundtable presentations held in 2013–2014. It is not clear whether the standards have been adopted. According to the Chamber of Auditors of Uzbekistan, the Government remains committed to fully adopting IPSAS by 2022.</p>
I&D	 Partially Adopted	Shared	<p>The <i>Law on Auditing Activity of 1992</i> as amended in 2018 requires auditors to comply with the requirements of the law and other applicable legislation of the Republic of Uzbekistan. The Ministry of Finance under the same Law has the authority to suspend audit firms' licenses and certificates in case of infringement of law or misconduct. It remains to be established whether the procedures operated by the Ministry of Finance comply with the requirements formulated in SMO 6.</p> <p>Both IFAC member organizations in the Republic of Uzbekistan—the Chamber of Auditors (ChAUz) and the</p>

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			<p>National Association of Accountants and Auditors (NAAA Uz)—have established I&D systems for their respective members, as authorized by their bylaws. In 2019, the NAAA Uz conducted a partial self-assessment against the requirements of SMO 6, which revealed that the I&D system operated by the association falls short of the SMO 6 requirements. In 2019, ChAUz also reported partial compliance, with gaps mainly related to the scope of the system; disciplinary process; sanctions; and rights of representation and appeal.</p> <p>Information on any I&D mechanism established by Federation of Accountants of Uzbekistan, which is not a member of IFAC, is not available.</p>
IFRSs	 Not Adopted	No Direct	<p><i>The Law on Accounting of 1996</i>, as amended, establishes basic accounting and bookkeeping requirements for all legal entities in the Republic of Uzbekistan, except for banks and credit institutions, and authorizes the Ministry of Finance of the Republic of Uzbekistan to set accounting standards both for private companies and state-financed organizations. National Accounting Standards adopted by the Ministry represent a modified version of IAS as they existed in 2008. Full adoption of IFRS is being considered, although no defined timeline has been established.</p> <p>The Central Bank of Uzbekistan (CBU) establishes accounting requirements for banks and credit institutions under the <i>Law on Banks and Banking Activity of 1996</i>. In 2004, the CBU adopted IFRS in existence at the time for application in the financial statements of entities under its supervision. The standards have not been updated to incorporate subsequent changes to IFRS. Prudential reporting rules established by the CBU also fall short of the requirements of IFRS.</p> <p>Through a Presidential Decree issued in 2018, listed companies are permitted, and in 2022 will be required, to use IFRS. However, the due process for their adoption and application in the jurisdiction is not clear.</p> <p>IFRS (2013 edition) were translated into Uzbek by the National Association of Accountants and Auditors of Uzbekistan. However, as of the date of the assessment, the Ministry of Finance and the CBU have not yet adopted the translated IFRS, although they have recommended the use</p>

	Status	PAO Responsibility	Notes
			of that translation. In practice, accountants and auditors in Uzbekistan regularly refer to the Russian translation of IFRS.

Status of SMO Fulfillment by the PAO

	Status	Notes
SMO 1	 Plan	<p>Under the Law on Auditing Activity of 1992, audit firms are required to pass an annual rating review performed by professional accountancy organizations (PAOs). The reviews include obtaining a certificate of passing an external quality assurance (QA) review. As of 2019, there is no legal requirement for a mandatory QA review for auditors other than the abovementioned for audit firms. PAOs, through a Cabinet of Ministers Resolution No. 274 of 2017, are currently authorized to conduct QA reviews of their members on a voluntary basis.</p> <p>NAAA Uz adopted ISQC 1 (2017) and established a voluntary QA review system for its member audit firms in 2009, based on the relevant rules and regulations of the Institute of Chartered Accountants of Scotland, with the assistance of the Chamber of Auditors of the Republic of Kazakhstan. As part of establishing its QA review system, NAAA Uz translated into Russian ISQC 1, which is not mandatory for application in the Republic of Uzbekistan and distributed it among its members. It also developed training courses for QA inspectors, which have been reportedly ongoing since 2009.</p> <p>Reviews are conducted by the NAAA Uz External Quality Assurance Committee under the supervision of the association's Board in accordance with the Methodology for Quality Assurance of Auditing Services developed jointly with the Chamber of Auditors of Uzbekistan. Since 2010, the NAAA Uz has been conducting regular reviews, covering from six to 27 audit firms annually.</p> <p>In 2019, the NAAA Uz conducted a self-assessment of its QA review system against the requirements of SMO 1 and reported partial compliance. The scope of the systems, the version of ISQC applied, lack of a public oversight authority, among other requirements, fall short of the international best practices.</p> <p>To support its members with understanding the requirements and implementation of the quality control standards, NAAA Uz reports that it organizes seminars, conferences, and roundtables on the subject and disseminates information on the results of QA reviews on an annual basis. NAAAUz Education Centre conducted six courses and three trainings in 2018, and seven courses and three trainings in 2019.</p> <p>NAAA Uz reports that in general it raises awareness of the SMO 1 requirements among other stakeholders in the jurisdiction through its representation on the</p>

	Status	Notes
		<p>Consultative Board on Accounting and Auditing under the Ministry of Finance. The association actively participated in the consultations regarding introduction of QA reviews as part of annual ratings process that resulted in the amendments to the Law on Auditing Activity introduced in 2013.</p> <p><i>Considering that effective January 2020 all auditors and audit firms will be required to undergo external QA reviews conducted by the Ministry of Finance in cooperation with the recognized PAOs and that NAAA Uz’s role in the future QA review system may change, NAAA Uz is encouraged to assist the Ministry with the design and implementation of the QA review system in the jurisdiction in line with the SMO 1 requirements as well as ensuring transfer of its knowledge and experience acquired as part of administering QA review system. The association should also review the results of the self-assessment conducted in 2019 and develop a strategy to bring its QA review system in line with the international best practices as formulated in SMO 1, if the system will continue to exist. Studying experiences of other PAOs in the implementation of the QA reviews is also strongly recommended. The association should also ensure timely availability of the IAASB pronouncements that establish requirements for quality controls in audit firms and appropriate training and education of its members.</i></p>
<p>SMO 2</p>	<p style="text-align: center;">▲ Consider</p>	<p>The Law on Auditing Activity of 1992 as amended in 2018, authorizes the Ministry of Finance to establish initial professional development (IPD) and continuing professional development (CPD) requirements for auditors and chief accountants of certain enterprises. These requirements are implemented by the Ministry, universities, and professional organizations of accountants and auditors such as the NAAA Uz.</p> <p>NAAA Uz unites on voluntary basis both accountants and auditors and is responsible for the implementation of the requirements established in law as they apply to members falling under the above categories. To this effect, NAAA Uz reports that it verifies compliance of its members with the CPD and practical experience requirements and reports the results to the Ministry of Finance on an annual basis.</p> <p>NAAA Uz appears to be an accredited provider for administering auditor training programs, which are prerequisite for taking an auditor certification exam. It also offers educational programs for internal auditors and CAP/CIPA certification. It is not clear whether the association’s educational programming is regularly updated to incorporate changes in international standard-setting and the extent of incorporation of IES requirements needs to be established.</p> <p>With respect to its members other than auditors and chief accountants of certain enterprises, NAAA Uz reports that it has established a mandatory CPD requirement for all its members and since 2011 has been working to develop the</p>

	Status	Notes
		<p>educational scheme for certification of accountants and to promote the establishment of a voluntary national professional accountant certification program. The program appears to have been finally established in 2016 in cooperation with other professional organizations of accountants and auditors. However, it is not clear whether it incorporates relevant IES requirements.</p> <p>During 2009–2015, the NAAA Uz worked to bring practical experience requirements for its members in line with IES 5 and has monitored fulfillment of the requirement by its members. The association also reports that it works with universities, which provide initial accounting education, as well as with the Eurasian Council of Certified Accountants and Auditors to incorporate requirements of IES into the CAP/CIPA program. It also reports to be working with the Ministry of Finance to bring educational requirements for auditors in line with IES. However, as of 2019, according to the Presidential Resolution No. 3946 On Measures to Further Develop Audit Activity in the Republic of Uzbekistan, the level of professional development of accountancy profession is considered insufficient.</p> <p>IES do not appear to be translated in the Uzbek language. The association indicates that in 2009 it obtained translation of IES in Russian and was seeking funds to translate the standards into Uzbek. However, as of 2019, IES have not been translated into Uzbek and the Russian translation of IES continues being referred to.</p> <p><i>Considering that education of professional accountants is a multi-stakeholder endeavor, staff reiterates its previous recommendation to NAAA Uz to collaborate with other stakeholders in the jurisdiction in bringing educational requirements in line with the revised IES. NAAA Uz should consider raising awareness about the international standards, especially considering the measure outlined in the Presidential Resolution No. 3946 such as the need to review the university curricula; develop a plan to bring it in line with the international best practices in education; include international standards in the curricula; reconsider auditor certification/qualification processes and procedures; and explore modern learning methods and approaches, among other activities. As a first step, in collaboration with other PAOs, universities, regulators, other parties, it is recommended that NAAA Uz develop plans to review the existing requirements in the jurisdiction against those of the revised IES (available in Russian here) and develop a roadmap, with specific actions and defined timeline, for bringing national educational requirements for professional accountants in line with IES.</i></p>
SMO 3	 Plan	<p>NAAA Uz, which is not directly responsible for the adoption of auditing standards in the Republic of Uzbekistan, has played an important role in promoting the adoption of ISA in the jurisdiction. In 2009, NAAA Uz established a Task Force for Adoption of ISA and prepared and presented to the Ministry of Finance the</p>

	Status	Notes
		<p>ISA Convergence Plan for the periods of 2009–2013. It has subsequently cooperated with the Ministry in creating a roadmap to full adoption of ISA in the jurisdiction and amending the related legal base through its representation in the Consultative Board on Accounting and Auditing of the Ministry of Finance. As of 2019, ISA have not been fully adopted, however, the Ministry of Finance announced in 2018 that ISA will be required for all audits effective January 1, 2020.</p> <p>NAAA Uz leads the process of translating ISA into Uzbek language and disseminates Russian translations of ISA. In 2011, it established the Group for Translations Reviews, which is responsible for the ongoing translation and review of the standards' translation into Uzbek. According to the information provided by the NAAA Uz in its 2019 SMO Action Plan, the latest translation of ISA (2013) was completed in November 2014. No plans to translate the most recent version of ISA have been reported as the Russian version of ISA is more widely used. It is not clear, however, what version of the Russian-language ISA is publicly available.</p> <p>To support its members with the implementation of the applicable auditing standards, NAAA Uz reports that on an ongoing basis it develops training materials for its members and conducts seminars and workshops on ISA, audit methodology, and common challenges identified through its QA reviews. However, apart from general statements, no specific recent activities have been indicated.</p> <p><i>Staff reiterates its previous recommendation that NAAA Uz update its SMO Action Plan to indicate its recent and planned activities aimed at achieving compliance with SMO 3, especially those that are aimed at supporting its members with the application of the international standards. With ISA adopted for application in all mandatory audits effective 2020, the association is strongly encouraged to work with other stakeholders in the jurisdiction—such as the Ministry of Finance, other PAOs and universities—to work out a sustainable system for the translation of ISA and ensure adequate preparation of auditors for the standards' application through updated educational programming. The NAAA Uz and other stakeholders may consider obtaining permission of IFAC for the dissemination of the Russian translation of ISA, when there is a gap in translating the standards in the Uzbek language. Reaching out to professional bodies in the region to learn about their experience with a first-time adoption of ISA may be beneficial.</i></p>
SMO 4	 Consider	<p>As there is no legal requirement for professional accountants in the Republic of Uzbekistan to abide by a Code of Ethics, in 2010 NAAA Uz adopted the 2008 version of the IESBA Code for application by its members.</p> <p>Following the adoption of the Code, the association reportedly included the</p>

	Status	Notes
		<p>requirements of the IESBA Code into its continuing professional development programs and disseminated the Russian translation of the 2010 IESBA Code to its members. Although originally planned for 2013, the IESBA Code has not been translated into Uzbek language. No activities to adopt the most recent version of the Code have been indicated and, apart from general statements, no specific recent activities to support members with the implementation of the existing requirements have been reported either.</p> <p>Staff reiterates its recommendation to consider adopting the most recent version of the IESBA Code, the 2018 International Code of Ethics, a completely restructured and rewritten Code, at least for the members of NAAA Uz and establish processes to incorporate revisions to the IESBA Code on an ongoing basis. Given non-adoption of the IESBA Code at the jurisdiction level and limited ethical requirements in the existing legislation, NAAA Uz is strongly encouraged to collaborate with other stakeholders involved in the regulation of professional accountants in the jurisdiction, such as other professional organizations of accountants and auditors as well as the regulators, to adopt a requirement for all professional accountants to adhere to the latest IESBA Code of Ethics. Raising awareness about ethical requirements and enhancing activities to support members to abide with the Code should also be considered. Such activities may include holding seminars and focused trainings, establishing a hotline for confidential questions, and disseminating information on the developments in the area through different communications means, among other activities. Finally, NAAA Uz is encouraged to update its SMO Action Plan to indicate its recent and planned activities aimed at achieving compliance with SMO 4.</p>
<p>SMO 5</p>	<p> Execute</p>	<p>NAAA Uz is not responsible for establishing public sector accounting standards, which are set by the Ministry of Finance. IPSAS have not been adopted; however, a roadmap for the standards' adoption has been developed and the execution of activities is reported to be underway, with the expected completion date of 2022. In its 2019 SMO Action Plan, NAAA Uz indicates that it uses its best endeavors to promote the adoption of IPSAS and in 2014 completed a translation of IPSAS funded by the United Nations Development Project. No other activities have been reported, however.</p> <p>NAAA Uz is encouraged to consider its role in supporting the adoption of IPSAS in the jurisdiction and, if deemed relevant and necessary, develop a plan with specific activities and defined timeline for their execution. The association is also encouraged to provide in its SMO Action Plan information on the legal framework for public sector accounting and the nature of the existing public sector accounting standards in Uzbekistan. If deemed feasible, NAAA Uz is also encouraged to assist the Ministry of Finance with the reform process and translation of IPSAS/dissemination of</p>

	Status	Notes
		<p><i>the Russian translation to ensure availability of the standards in the local language(s).</i></p>
<p>SMO 6</p>	<p style="text-align: center;">▲ Consider</p>	<p>Under its bylaws, NAAA Uz is empowered to investigate and discipline (I&D) its members and to this effect, in 2010, established the Disciplinary and Appeals Committee, which conducts investigations on a complaints-basis. The NAAA Uz Board has the right to impose disciplinary actions and may expel audit firms should they fail to comply with the National Standards on Auditing and the Code of Ethics. All violations must be reported to the Ministry of Finance. The main disciplinary measure is an off-schedule quality assurance review of the firm in question.</p> <p>In 2016, the NAAA Uz conducted a partial self-assessment against the requirements of SMO 6, which revealed that the I&D system operated by the association falls short of the SMO 6 requirements. As of 2019, the assessment has not been updated and there is no indication that actions have been undertaken to close the identified gaps.</p> <p>NAAA Uz reports that it prepares annual reports summarizing the results of the investigative and disciplinary proceedings and communicates the outcomes of disciplinary proceedings to the Ministry of Finance, other professional accountancy organizations, and its members through several communication channels. However, no other information on the implementation of activities or plans to bring the system in line with SMO 6 have been indicated in the SMO Action Plan.</p> <p><i>In 2016, it was recommended that the NAAA Uz complete the self-assessment of its I&D system against the requirements of SMO 6, analyze the gaps identified, and develop plans to adopt the missing requirements. However, as of 2019 the recommendation has not been addressed. Staff reiterates the need to complete the self-assessment and to provide information on the legal and regulatory framework underlying the investigation and discipline of all professional accountants in the jurisdiction and to clarify the role of other stakeholders in the process. The NAAA Uz should also consider sharing the revised SMO 6 requirements with other stakeholders that are involved in the investigation and discipline of the profession in order to promote compliance at the jurisdiction level and facilitate collaboration on the establishment of a unified system, if deemed relevant and needed.</i></p>
<p>SMO 7</p>	<p style="text-align: center;">▲ Execute</p>	<p>The <i>Law on Accounting of 1996</i>, as amended in 2016, authorizes the Ministry of Finance of the Republic of Uzbekistan to set accounting standards both for private companies and state-financed organizations. Adopted standards represent a modified version of IFRS as they existed in 2008. The Central Bank of Uzbekistan (CBU) requires application of the 2004 version of IFRS for banks and credit institutions, and listed companies are permitted to use IFRS. Through</p>

	Status	Notes
		<p>a Presidential Decree issued in 2018, listed companies will be required, to use IFRS starting in 2022. However, the due process for adoption and application of IFRS in the jurisdiction is not clear.</p> <p>With no direct responsibility for the adoption of IFRS in Uzbekistan, NAAA Uz reports that it promotes adoption of the international standards for application in the Republic of Uzbekistan. The association reports that it raises awareness about the importance of IFRS adoption through participation in and organization of roundtables, seminars, and other discussions focused on IFRS. The NAAA Uz also noted that it participated in drafting the amendments to the Law on Accounting, which was finalized and adopted in 2016, and maintains an ongoing dialogue with the Ministry of Finance.</p> <p>Additionally, the association reports that it has signed a copyright waiver agreement with IFRS Foundation, according to which NAAA Uz is responsible for translation of IFRS into Uzbek language while the Ministry of Finance and the Central Bank are responsible for the adoption of the translated texts of IFRS into the national legislation. According to the agreement, NAAA Uz is expected to provide the translation of the latest updates to IFRS on an ongoing basis; however, the latest translated version of IFRS appears to be that of 2013.</p> <p>To support its members with the implementation of accounting standards, NAAA Uz provides trainings and incorporated IFRS in its continuing professional development programs. No other details about the trainings and other activities have been reported.</p> <p>Finally, the association reports to raise awareness of its members and the public on the developments in the international standard-setting area through its website and other communication means. It also participates in the Asian-Oceanian Standard-Setters Group to be involved in the discussions related to IFRS and to share experiences in adoption of IFRS.</p> <p><i>NAAA Uz is encouraged to work with other stakeholders to adopt IFRS and IFRS for SMEs as applicable accounting standards in the jurisdiction and to establish ongoing translation processes to ensure that the changes of IFRS are incorporated into national requirements as soon they become available. NAAA Uz should also provide more specific information on the activities it undertakes to support its members and other users of international standards with the implementation of IFRS.</i></p>

Sources

Relevant Organizations

- [National Association of Accountants and Auditors of Uzbekistan \(NAAA Uz\)](#)
- [Chamber of Auditors \(ChAUz\)](#)
- [Central Bank of Uzbekistan](#)
- [Ministry of Finance of Uzbekistan](#)
- [Asian-Oceanian Standard-Setters Group \(AOSSG\)](#)

Relevant Legislation

- [Law on Auditing Activity of Republic of Uzbekistan, 1992 \(in Russian\)](#)
- [Ministry of Finance Regulation on Issuance of Auditor Qualification Certificate, 2000 \(as amended 2016\) \(in Russian\)](#)
- [Regulation on the Certification of Accountants, 2015 \(in Russian\)](#)
- [Law on Accounting No. 279-I, 1996 \(as amended 2016\) \(in Russian\)](#)

Relevant Publications

- NAAA Uz, *SMO Action Plan*, January 2020.
- ChAUz, *SMO Action Plan*, September 2019.
- IFRS Foundation, "IFRS Application around the World, Jurisdictional Profile: Uzbekistan," June 2016.
- World Bank, *Report on the Observance of Standards and Codes, Accounting and Auditing: Uzbekistan*, 2008.
- Ministry of Finance, *Public Financial Management Reform Strategy 2007–2018*.

Appendix I—Definitions of Legends

<i>Quality Assurance (QA)</i>	
 Adopted	A QA review system, incorporating the requirements of SMO 1, has been established and is operational for all mandatory audits.
 Partially Adopted	<p>A QA review system, incorporating the requirements of SMO 1, has been established and is operational for some of the mandatory audits (e.g., public interest entities).</p> <p style="text-align: center;"><i>or</i></p> <p>A QA review system for all mandatory audits has been established and is operational, but does not fully incorporate the requirements of SMO 1.</p> <p style="text-align: center;"><i>or</i></p> <p>A QA review system, incorporating the requirements of SMO 1, has been established, but is not yet operational.</p>
 Not Adopted	No QA review system has been established.
<i>International Education Standards (IES)</i>	
 Adopted	The IES have been adopted for entry-level, initial, and continuing professional development of professional accountants as well as engagement partners.
 Partially Adopted	<p>Not all the IES have been adopted.</p> <p style="text-align: center;"><i>or</i></p> <p>The IES have been adopted for only some professional accountants.</p>
 Not Adopted	The IES have not been adopted.
<i>International Standards on Auditing (ISA)</i>	
 Adopted	ISA in their entirety in effect as of the time of the assessment have been adopted and are effective for application in all mandatory audits.
 Partially Adopted	<p>Earlier version of ISA (2009 or later) has been adopted</p> <p style="text-align: center;"><i>or</i></p> <p>ISA are required for application in selected types of audit.</p>
 Not Adopted	<p>ISA have not been adopted</p> <p style="text-align: center;"><i>or</i></p> <p>Pre-2009 version of ISA has been adopted.</p>

<i>IESBA Code of Ethics</i>	
 Adopted	A 2009 or later version of the <i>IESBA Code of Ethics for Professional Accountants</i> has been adopted for all professional accountants.
 Partially Adopted	Not all of the requirements of the 2009 or later version of the <i>IESBA Code of Ethics</i> have been adopted. or The <i>IESBA Code of Ethics</i> has been adopted for only some professional accountants.
 Not Adopted	A 2009 or later version of the <i>IESBA Code of Ethics</i> has not been adopted. or A pre-2004 version of the <i>IESBA Code</i> has been adopted.
<i>International Public Sector Accounting Standards (IPSAS)</i>	
 Adopted	Accrual-basis IPSAS have been adopted as accounting standards for public sector entities.
 Partially Adopted	Not all IPSAS have been adopted. or Cash-basis IPSAS have been adopted. or The IPSAS have been adopted for only some public sector entities.
 Not Adopted	The IPSAS have not been adopted.
<i>Investigative and Disciplinary (I&D) System</i>	
 Adopted	An I&D system, incorporating the requirements of SMO 6, has been established and is operational for all professional accountants.
 Partially Adopted	An I&D system, incorporating the requirements of SMO 6, has been adopted and is operational for some professional accountants. or An I&D system for all professional accountants has been established and is operational, but does not fully incorporate the requirements of SMO 6. or An I&D system, incorporating the requirements of SMO 6, has been established, but is not yet operational.
 Not Adopted	No I&D system has been established.

International Financial Reporting Standards (IFRS)	
 Adopted	The IFRS have been adopted and are currently effective for all public interest entities.
 Partially Adopted	<p>Not all the IFRS have been adopted.</p> <p style="text-align: center;"><i>or</i></p> <p>The IFRS have been adopted for selected types of public interest entities.</p>
 Not Adopted	The IFRS have not been adopted.

SMO Fulfillment Status	Q&D Staff Assessment
 Sustain	<p>PAO maintains well-established ongoing processes to fulfill its relevant obligations. In fulfilling this SMO, PAO considers, plans, executes, reviews and improves as part of an ongoing commitment to continuous improvement.</p> <p style="text-align: center;"><i>or</i></p> <p>Given the nature of its mandate, membership composition, and the legal and regulatory environment, PAO is not involved in activities related to this area.</p>
 Review & Improve	PAO has recently fulfilled its relevant obligation and is reviewing the implemented plan to identify and apply improvements.
 Execute	PAO demonstrates it is executing the plan.
 Plan	PAO has a defined plan to fulfill the requirements of this SMO.
 Consider	PAO is considering how to fulfill the requirements of this SMO.
 Not Active	PAO is not active in this SMO area.



Appendix II—Self-Assessment of NAAAUz QA Review System against the Main Requirements of SMO 1 (2019)

Requirements	Y	N	Partially	Comments
Scope of the System 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.			P	Only companies that are subject to mandatory annual rating must undergo QA reviews. NAAAUz QA review system for its members is voluntary.
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Y			
3. Most up to date versions of ISQC 1 and other relevant are adopted as the quality control standards.			P	2017 version of ISQC 1 and 2017 ISA are adopted since 2019 as the quality control standards when mandatory audit of listing companies.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			Organize training, seminars and other IPD and CPD activities in aim to support our members with the implementation of the quality control standards.
Review cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y			NAAAUz uses a mixed approach.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).			P	At least every three years for audits of listed companies; voluntary for other audit firms.
QA Review Team 7. Independence of the QA Team is assessed and documented.	Y			

Requirements	Y	N	Partially	Comments
8. QA Team possesses appropriate levels of expertise.	Y			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	Y			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			
Corrective and disciplinary actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			
12. QA review system is linked to the Investigation and Discipline system.	Y			
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		N		There are no public oversight arrangements.
Regular review of implementation and effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	Y			

Appendix III—Self-Assessment of NAAAUz QA Review System against the Main Requirements of SMO 1 (2016)

Requirements	Y	N	Partially	Comments
<p>Scope of the system</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>			P	Only companies that are subject to mandatory annual rating must undergo QA reviews. NAAAUz QA review system for its members is voluntary.
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	Y			
<p>3. Most up to date versions of ISQC 1 and other relevant are adopted as the quality control standards.</p>			P	2017 version of ISQC 1 and 2017 ISA are adopted since 2019 as the quality control standards when mandatory audit of listing companies.
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	Y			Organize training, seminars and other IPD and CPD activities in aim to support our members with the implementation of the quality control standards.
<p>Review Cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	Y			NAAAUz uses a mixed approach.
<p>6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).</p>			P	At least every three years for audits of listed companies; voluntary for other audit firms.
<p>QA Review Team</p> <p>7. Independence of the QA Team is assessed</p>	Y			

Requirements	Y	N	Partially	Comments
and documented.				
8. QA Team possesses appropriate levels of expertise.	Y			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	Y			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			
Corrective and disciplinary actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			
12. QA review system is linked to the Investigation and Discipline system.	Y			
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		N		There are no public oversight arrangements.
Regular review of implementation and effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	Y			

Appendix IV—Main Requirements of SMO 6 (2016)

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Y			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.				
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.				
4. Link with the results of QA reviews has been established.				
Investigative Process				
5. A committee or similar body exists for performing investigations.	Y			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			
8. Members of the committee/entity include professional accountants as well as non-accountants.				

Requirements	Y	N	Partially	Comments
9. The tribunal exhibits independence of the subject of the investigation and other related parties.				
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.				
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.				
Administrative Processes 12. Timeframe targets for disposal of all cases are set.				
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.				
14. Records of investigations and disciplinary processes are established.	Y			
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.				
16. A process for the independent review of complaints on which there was no follow-up is established.	Y			
17. The results of the investigative and disciplinary proceedings are made available to the public.				

Requirements	Y	N	Partially	Comments
<p>Liaison with Outside Bodies</p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>				
<p>Regular Review of Implementation and Effectiveness</p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	Y			