

THE SOCIO-ECONOMIC IMPORTANCE OF DIGITALIZATION IN THE AUDIT
PROCESS

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ANNOTATION: This article highlights the socio-economic significance of digitalization in the “Audit Process”. The effectiveness of digital audit in the economy, its role in the activities of enterprises, and the issues of eliminating shortcomings in this system based on the experience of developed countries are analyzed. In addition, the differences before and after digitalization are compared and the impact of digitalization on audit effectiveness is highlighted.

Keywords: audit process, digitalization, transparency, continuous audit, IT audit and remote audit.

INTRODUCTION

Audit process – ensuring transparency in the economy, a source of trust in attracting investors, by reducing risks and ensuring stability, it serves as an important tool in preventing financial crises and accelerating economic development. However, since we are at a stage of rapid development, traditional audit approaches are not delivering a high level of efficiency, which leads to numerous shortcomings. Digitalization of the audit process – as a result of innovative technologies, to auditors with a high level of competence, ensures a high level of efficiency as well as the accuracy, timeliness and reliability of information.

REVIEW OF LITERATURE

In recent years, the digitalization of the audit process has become one of the most actively implemented directions in the global economy. Numerous foreign and local experts point out that digitalization plays a vital role in the auditing, enhancing efficiency and reducing human error to achieve better outcomes. In particular:

Miklos A. Vasarhelyi va Fern B. Halper, in their article “The Continuous Audit of Online Systems” provide a scientific basis for the benefits of continuous audit implementation and the integral connection between auditing’s future and digitalization[1]. The article points out that digital audit prevents lag, maintains ongoing transaction oversight, and automatically notifies the auditor of any hazardous conditions.

Yakimova V.A. (2020) emphasizes that a paradigm shift is taking place in auditing, with a move from traditional audit methods to technology-driven “intelligent auditing”[2].

Furthermore, Sirotenko (1999), in his study, points out issues in auditing and argues that the use of digital technologies can enhance the audit system, boost efficiency, and streamline audit

processes. He stresses that digital technologies help rectify deficiencies and mistakes in the system, enabling more effective results through remote audit system.

The findings of these studies suggest that adopting intelligent technologies and remote auditing can lead to substantial achievements. Today, in a globalized world, digitalization is regarded as the essential factor for development and attaining higher productivity.

RESEARCH METHODS

In this article, comparative, systematic, content and trend analysis methods are applied. Scientific recommendations and practical advice were provided regarding the socio-economic impact of digitalizing the audit process and ways to increase its efficiency.

ANALYSIS AND FINDINGS

In traditional auditing, the process takes place either once a year or every quarter. It demonstrates the sluggishness of the process and the existence of multiple challenges. The only means to eliminate these shortcomings is through digitalization. In the audit process, digitalization plays a crucial role by increasing efficiency and achieving maximum outcomes with minimal costs through the efficient use of resources such as money, time, labor, energy and information. Before digitalization, the audit process demanded significant time, with auditors primarily examining documents manually and experiencing very slow document exchanges between the enterprise and auditors, revealing many shortcomings in the audit system. By implementing digitalization in auditing, efficiency in work output rises, human factor deficiencies decrease, and costs are financially optimized.

Alongside digitalization, AI, and innovative technologies, the concept of IT audit can also be considered. In recent years, “IT audit” has become a frequently discussed term. Numerous companies offering IT audit services can be found online. But what is IT audit exactly, and what is its importance for organizations or private firms? IT audit involves examining the entire information systems infrastructure and its components, providing expert assessment services [3].

Overall, worldwide, including in Uzbekistan, the Covid-19 pandemic led to fundamental changes not only in the audit process but across all sectors. During that period, auditors could not visit enterprises to study data and business activities. Instead, data exchange occurred online. Since this proved more effective than the traditional system, numerous efforts were made to improve these changes, and today digitalization is an integral part of auditing. Across both developed and developing countries, remote work, distance learning, and e-commerce have sharply increased [4].

Looking at international experience, it can be seen that in developed countries, digitalization in the audit process has proven highly effective and plays a significant role in eliminating human errors and shortcomings. Specifically, in the USA, South Korea, and European Union countries, digital auditing has enabled companies to operate in real-time, exchange documents electronically through remote auditing, and automatically analyze tax-related data. This has not only facilitated the work of auditors but also contributed to significant positive changes in company operations.

In the context of the U.S. experience, the “Continuous Auditing” model allows companies to continuously monitor data. This has significantly contributed to a 60–70% reduction in errors, deficiencies, and fraud in large enterprises. As a result of these changes, investor confidence in the companies has increased.

Germany, through its “Smart Audit Systems” has achieved up to 40% automation in the audit process. As a result, transparent information exchange between companies and the government has strengthened, and cases of corruption have sharply decreased.

The digitalized audit process not only strengthens internal control systems and improves operational efficiency but also ensures the transparency and reliability of financial reporting. This provides a foundation for attracting investors to companies. Additionally, remote auditing and digital technologies help reduce errors, utilize resources more efficiently, and enhance economic effectiveness. As a result, this process contributes to reinforcing the socio-economic stability of company operations and fostering a climate of trust in society.

CONCLUSION AND SUGGESTIONS

According to scientific sources, the digitalization of the audit process can reduce employee labor by 40–50%. As a result, transparency within the audit system significantly increases, contributing to the reduction of corruption in society and attracting more investors to companies. Additionally, companies enhance the openness of information for their clients, thereby fostering a climate of trust. In Uzbekistan, several key measures are necessary to develop digital auditing. These include organizing specialized IT-audit courses, developing digital audit standards, and implementing automated analysis systems based on artificial intelligence. The success of digital auditing depends on auditors’ ability to quickly and accurately master modern technologies and apply them effectively in practice. Such a process not only improves the quality of auditing practices but also advances them to a new level, increases operational efficiency, and ensures the effective use of resources such as money, time, labor, energy, and information. Moreover, digital auditing serves as a critical tool for strengthening economic stability, establishing reliable communication between companies and society, and improving the investment environment.

The current state of auditing in Uzbekistan is characterized by active institutional reforms, the strengthening of the normative-legal framework, and the integration of international standards. However, alongside the increase in the number of licensed organizations and the expansion of service types, several issues continue to limit the development of the sector. These include a shortage of qualified personnel, a low level of digitalization, weak development of specialized forms of auditing, and regional disparities. A systematic approach is necessary to ensure the sustainable development of the audit market. This includes reforms in vocational education, the introduction of modern technologies, enhancement of the quality of audit oversight, and promotion of demand for specialized auditing services. In addition, the development of internal audit, which contributes to greater transparency in the use of budget funds, and the improvement of state financial control are of particular importance. The prospects for developing auditing activities in Uzbekistan are closely linked to further harmonization of national standards with ISA, digital transformation, and the expansion of international cooperation. These measures are expected to improve the quality of auditing services, strengthen investor confidence, and lay a solid foundation for sustainable economic growth in the country.



ADABIYOTLAR RO'YXATI

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