

INFLUENCE OF EXTERNAL AUDIT AND AUDIT COMMITTEE ON ENTERPRISE EFFICIENCY IN CORPORATE GOVERNANCE SYSTEM

In the context of the globalization of the economy, the development and liberalization of the economy of our country are clearly defined in the decree of the President of the Republic of Uzbekistan Sh. Mirziyoyev “On measures to introduce modern methods of corporate governance in joint-stock companies”, and this is the main criterion and a roadmap for achieving these goals. In this decree and the decree of the President “[On measures to introduce modern methods of corporate governance in joint stock companies](#)”-the stated goals and objectives for the wide attraction of foreign direct investment, radical hanging the effectiveness of joint stock companies, ensuring their openness and attractiveness to potential investors, the introduction of modern corporate governance methods, creating favorable conditions for strengthening the role of shareholders in the strategic management of enterprises, emphasizes the importance of the audit and audit reports in modern corporate governance in the intensive development of our economy.

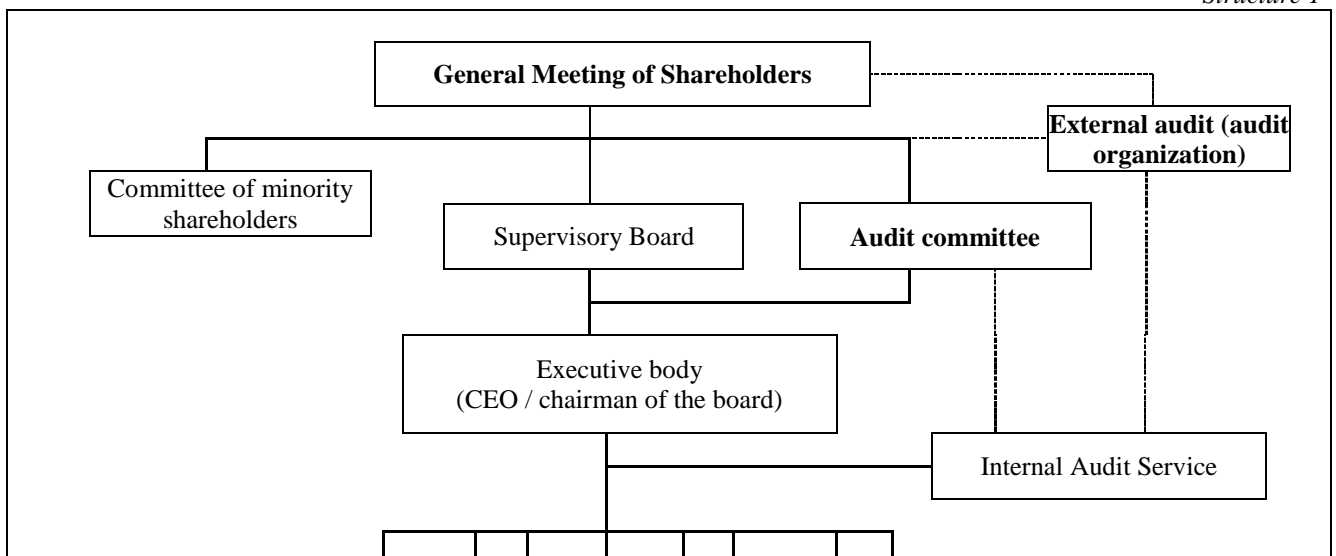
Foreign experience shows that a number of financial failures and crises over the past two decades have attracted the attention of the whole world. Examples are the major crises of Enron , Worldcom , Thyso , Parliament, and many others. Due to lack of management skills, prevention and lack of proper control measures, many projects with billions of orders were canceled. As a result of these financial setbacks and crises, investor confidence in financial reporting and management reporting has declined significantly.

The key role of corporate governance is to restore confidence in the market. Restoring investor confidence in financial markets is not easy. For this, it is important to establish clear criteria for the effective management and management of enterprises operating in the interests of shareholders, and to achieve results that meet the requirements of corporate governance. This is due to the fact that the **theory of agent relations** in the modern economy stems from the fact that management (agents) do not always meet the interests of owners who are not involved, and that shareholders demand protection of their property. To solve this problem, the Supervisory Board performs a supervisory function, which includes monitoring the executive branch and directors and internal control over financial statements. In a number of contractual relations with information asymmetry, there is a need for the independence of supervisory boards, which are control and monitoring mechanisms, effective audit committees and investments in external audit. Thus, it is obvious that the role of external audit, internal audit and the audit committee in the effective organization of corporate governance is one of the main factors of the modern economy.

In the modern corporate governance system in Uzbekistan, we propose a structure that demonstrates the importance, role and relevance of audit, including internal audit, audit committee and external audit, as follows. (*Structure 1*)

The structure reflecting the role of audit in the corporate governance system

Structure 1¹



In the regression model, we used the correlation between the audit effect to the enterprise efficiency (AEEE) variables and the independent factors (Supervisory Board, Audit Committee, Company Size, type of Audit organization and report, and Company Profit).

$$AEEE = \beta_0 + \beta_1 (SBs) + \beta_2 (ACEXIST) + \beta_3 (EXAUDIT) + \beta_4 (INAUDIT) + \beta_5 (SIZE) + \beta_6 (AUDTYPE) + \beta_7 (PROFIT) + \varepsilon$$

¹ The structure proposed by the author

In order to fulfill its obligations to shareholders, the Supervisory Board must provide relevant and reliable information. Reliability refers to the degree of accuracy of the information contained in the financial statements, which gives an objective view of the financial position and financial performance of an entrepreneur. The Auditor (external) will assist the Board in achieving this goal. There should be an open and transparent dialogue between the auditors and the board and strictly adhering to the principle of honesty with regard to their duties.

Communication of the auditors (external) should be open to the Supervisory Board and the Audit Committee.

An effective audit committee is an important part of an effective corporate governance system: the audit committee and the auditors must communicate regularly with (independent) management and other members of the board. The Audit Committee has always played a key role in corporate governance. While the new body is to be set up as an audit committee, the most significant change today is the responsibility of the audit committee to appoint an external auditor, which is currently being implemented by the Supervisory Board. This means, for the first time, that the committee has the ability to assess the performance of the current auditor and the quality of the audit, as well as the criteria for selecting them in future trends. An audit is conducted by examining the role of the supervisory boards and external, internal and audit committees to determine parameters that are not recommended by the Corporate Governance Code of Uzbekistan. In addition, the results of the work of the audit committee, as well as taking into account the experience of other employees, such as legal experience and business, are important topics for future research. The presence of legal experts in the Audit Committee may lead to greater interest in exemption from litigation related to financial reporting fraud, that is, in exemption from legal liability risk. Future studies suggest that in addition to the above aspects, the impact of the audit report on corporate governance is proposed.

List of used literature:

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