



ORGANIZATIONAL ISSUES OF AUDIT EVIDENCE AND THEIR ANALYSIS IN UZBEKISTAN

**Ibragimov Abdugapur Karimovich – Professor of “Accounting, analysis and audit”
department of the Banking and Finance Academy of the Republic of Uzbekistan**

Abstract: In this article, the issues of the specificity of external audit in the Republic of Uzbekistan, the collection of audit evidence, the use of international standards of audit in the performance of its analytical activities were studied, and on this basis, practical proposals for consideration of issues related to the specific features of the organization of external audit were developed.

Keywords: auditing system, economy market, fundamentals of international auditing practice, International Reporting Standards financial, auditing companies, assets, liabilities, audit evidence, reporting financial, analytical practices.

Introduction. The transition to the market economy has resulted in significant changes in the activities of economic entities. The different implementation of accounting and auditing system in the countries of the world requires coordination and implementation of standards in the field of auditing. The international auditing practice framework (IAPS) under the IFAC coordinates the use of international auditing standards in countries where auditing activities are underdeveloped. In practice, auditing standards are also used along with accounting standards. In particular, in the USA, they adopted the universally accepted standards of auditing – (GAAS – Generally Accepted Auditing Standards), which are used to address the problems encountered in the organization and conduct of audit. Audit companies serve to strengthen the confidence of customers in them, confirming the correct implementation of the procedures in the production, financial and economic activities of corporations and other economic structures.

In the Republic of Uzbekistan, special attention is paid to scientific research on the collection, grouping of audit evidence based on the accuracy of financial statements and its data, as well as on the implementation of analytical procedures. In these studies, we must find our own solution to the issues of collecting audit data by an external auditor, determining the optimal variant of evidence, giving them analytical processing, assessing the accuracy of data, determining the reliability of data, assessing the activities of companies and firms that are audited through analytical procedures, analyzing the

performance indicators . Implementation of audit of financial statements in economic entities on the basis of international standards of audit is one of the current issues.

In the following years, special attention has been paid to further improving the activities of the Joint-Stock Companies in our country. And for foreign investors, there is a need to draw up financial reports of Joint-Stock Companies on the basis of international standards. In this issue, special attention was paid to the decision of the president of the Republic of Uzbekistan "on additional measures for the transition to the International Financial Reporting Standards"PP-4611 on February 24, 2020, in which the legal entities included in the category of Joint-Stock Companies, commercial banks, insurance organizations and large taxpayers will organize accounting on the basis of IFRS This means that financial statements are drawn up on a full scale by the Joint-Stock Companies and it is established that the process of auditing their activities should be carried out on the basis of international audit standards. In the resolution of the president of the Republic of Uzbekistan "on measures for further development of audit activity in the Republic of Uzbekistan"PP-3946 dated September 19, 2018, the issue of application of international standards of audit is defined. In particular, we can see that the issues of increasing the level of involvement of audit organizations in the international audit networks, including the organization of active methodological support of audit organizations, auditors in the application of international standards of auditing, are highlighted.

To day, the quality of products produced in the Joint-Stock Companies of "Uzdonmahsulot " has increased and the working conditions of workers have improved. In the introduction of new and modern technologies to " Uzdonmahsulot " in the Joint-Stock Companies with advanced companies of the countries of Germany, Turkey, Russia, Ukraine and China. In the present time 43 enterprises within the company" Uzdonmahsulot " proudest 109 bread-producing branch, 67 seed branch, 52 mill branch, 46 omelet pastafeed branch, 42 macaroni and 16 grain-producing branch are operating manufacturer.

Literature review.

On the issue of audit evidence and their generalization, The Economist-scientists expressed the following points: all information prepared and collected by the auditor before the examination, during the examination process and according to its results, is considered to be audit evidence. Part of these evidence are documents or copies of them that are available for use as audit evidence.

In this matter, Ganiev Z. such opinion was expressed by: audit evidence is the information and results collected by the auditor at the time of the examination, which serves to substantiate the auditor's conclusion.

Auditing evidence should be Relevant and adequate. The relevancy of the evidence is its significance for solving some problem, while adequacy is determined in each specific case on the basis of an assessment of the auditor risk and internal control system. In any case, the auditor should be absolutely sure that sufficient evidence of the necessary quality is collected to prepare a truthful and based conclusion"[1. 59p.].

In this matter, prof. RD.Dusmuratov expressed the following opinion: "when the evidence is said, the fact that another person confirms or denies the existence, or the process of obtaining information about this fact, which allows him or her to form an opinion with this degree of certainty, is understood." In addition, practical work has been done on the division of audit evidence into groups, including the evidence collected in the process of audit audits are diverse, which are categorized according to the type, source and methods of obtaining.[2.125p.].

It will also be possible to select a large-scale category of evidence at the disposal of the auditor. They are called types of evidence and come up with the following:

control in reality;
approval;
documentation;
observation;
arithmetic accuracy;
analytical activities.

It is divided into written and oral evidence according to the types of audit evidence.

Evidence obtained in writing (documents and written explanations) can be more reliable than evidence in oral form. But in some cases, oral evidence can be much more important and useful. The modern management system should provide useful information on the financial condition of companies, the alterations occurred, as well as financial results. In this regard, it is important for users to know what financial information to consolidate and which reports to prepare.. [3. 27p.].

Audit evidence can be divided into internal, external and mixed evidence according to the source of the receipt. Internal audit evidence consists of information obtained from the economic entity in written or oral form.

External audit evidence consists of information obtained from third parties in written form (usually on a written request from an audit organization).

Mixed audit evidence includes information obtained from the business entity in written or oral form and confirmed by a third party in writing.

According to the method of obtaining audit evidence is categorized as follows:

Facts evidence obtained by way of confirmation;

evidence obtained by identifying documented evidence;

evidence identified as a result of a specially conducted analysis.[4.45p.]

In this issue, the standard of special audit in Russia, that is, the Federal standard of Russia No. 5 - in the so-called "audit evidence", the requirements for audit evidence are established: "as audit evidence, any information is used, including the information required by the auditor to express his opinion on the accuracy of accounting records and financial reporting indicators."

Economist-scientist A. D.Sheremet for audit evidence described it as follows: "audit evidence is information obtained by the auditor in the course of audit, which is the basis for the organization of the opinion of the auditor as a result of the analysis of this information." [5.214p.]

Other economists-scientists S. M.Bichkova. on this issue.E.No, it's not.Itigilova expressed the following opinion: "it is important that the audit evidence is adequate and purposeful. Because how much these indicators accumulate also affects the audit plan and the amount of audited audits. Because the adequacy of the audit evidence is directly dependent on how the audit conclusion should be." [6.141p.]

To this issue P.Kamishanov had a different approach and expressed the following opinion: "as a result of the audit, it is necessary to have truthful information about the real state of business at different levels of management, about financial organizations, about the fulfillment of obligations for taxes, extra-budgetary payments, as well as about the effective use of budgetary funds. Thus, every economic entity that comes into contact with the organization, the bank, tries to ensure that individuals have reliable information about its activities." [7.75p.].

It is gathered by the audit organizations and auditors to express the opinion of the relevant evidence-based auditor and serves as the basis for expressing the opinion of the auditor.

The Auditor shall constitute the most part of the documents drawn up in the verification process, as well as the part of its minimum order, as follows:

the form of documents drawn up during the verification process is determined by the internal standards of the firm in each audit firm;

the results of the study and evaluation of the accounting system; questions related to the different sections of accounting as illustrated by the accounting staff of the client, the table of turnover of documents, taqsimlash scheme of duties in accounting, the methods used in the evaluation and calculation, the success of accounting policies;

the results of the study and evaluation of internal control system (the client's responses to the questions posed by accountants and management staff on various objects and directions of internal control);

description of the peculiarities of taxation of the client (list of taxes paid by the client; list of taxes for which the client has a privilege); as well as grounds for benefits;

features of the calculation of the tax base on individual taxes;

analysis of balances by Bills;

results of the examination of compliance of contracts concluded by customers with applicable laws;

accounts of the most significant financial and economic indicators of the activity of the enterprise;

analysis of the financial situation of the enterprise;

schedule of performance of Audited Audited audits on the part of a chartered auditor and his assistant in the examination;

description of the nature, time spent and volume of audit activities performed on the performers participating in the audit;

formalize the compliance of the results of the audit activities performed by the auditors and his assistant who participated in the audit with the internal standards of the firm;

copy of the transcripts of auditors with experts, experts and consultants.

So, in our opinion, " audit evidence is this - the organization of accounting, which is the basis for expressing the audit opinion, the initial accounting and summarizing information, the data on which the financial statement is based and the balances of the accounts, the business plan information, the information obtained from external sources and the accounting hisobiga is considered non-talloq information". This information should serve as a sufficient basis for expressing the auditor's opinion. Because on the basis of this evidence we can give a positive or negative conclusion. Of course, along with the collection of these facts, it is necessary to give them an analytical processing, analyze them

and draw the appropriate conclusions. To this end, there is a need to consider auditing practices.

Analysis and results

In this regard, analytical activities are described in the national standard of audit activity of the Republic of Uzbekistan №13 standard "analytical activities" as follows: "analytical activities" include::

comparison of the indicators of the financial statements of the economic entity with the indicators of its plan;

comparison of the current performance of financial statements with the projected performance set by the Auditing Organization;

comparison of financial reporting indicators with the normative documents established by the current legislation and normative acts or the economic entities themselves;

comparison of financial statement performance with non-financial statement performance;

comparison of financial reporting indicators with the average data of the network;

analysis of the changes in financial statement performance over time and the relative coefficients associated with them.

The type of analytical activities will depend on the purpose of their conduct, the possibility of obtaining the information necessary for their conduct, and compliance with it, the type of activity of the economic entity.”

The Auditor first checks the accuracy of the information given by the client through other sources and appropriate accounting in order to achieve the objective. Reflect in the audit report that they are based on relevant statements and calculations.

In the second method, the comparison of the indicators of economic entities investigated by the auditor, checks the correctness of the coefficients by calculation. Bunda provides the customer with practical suggestions for improving the activities and provides ways to implement them.

Economist scientist I.N.Kuziev in his scientific work, qoviev described the stages of analytical activities in the process of conducting an external audit in the following table[8.84p.]..

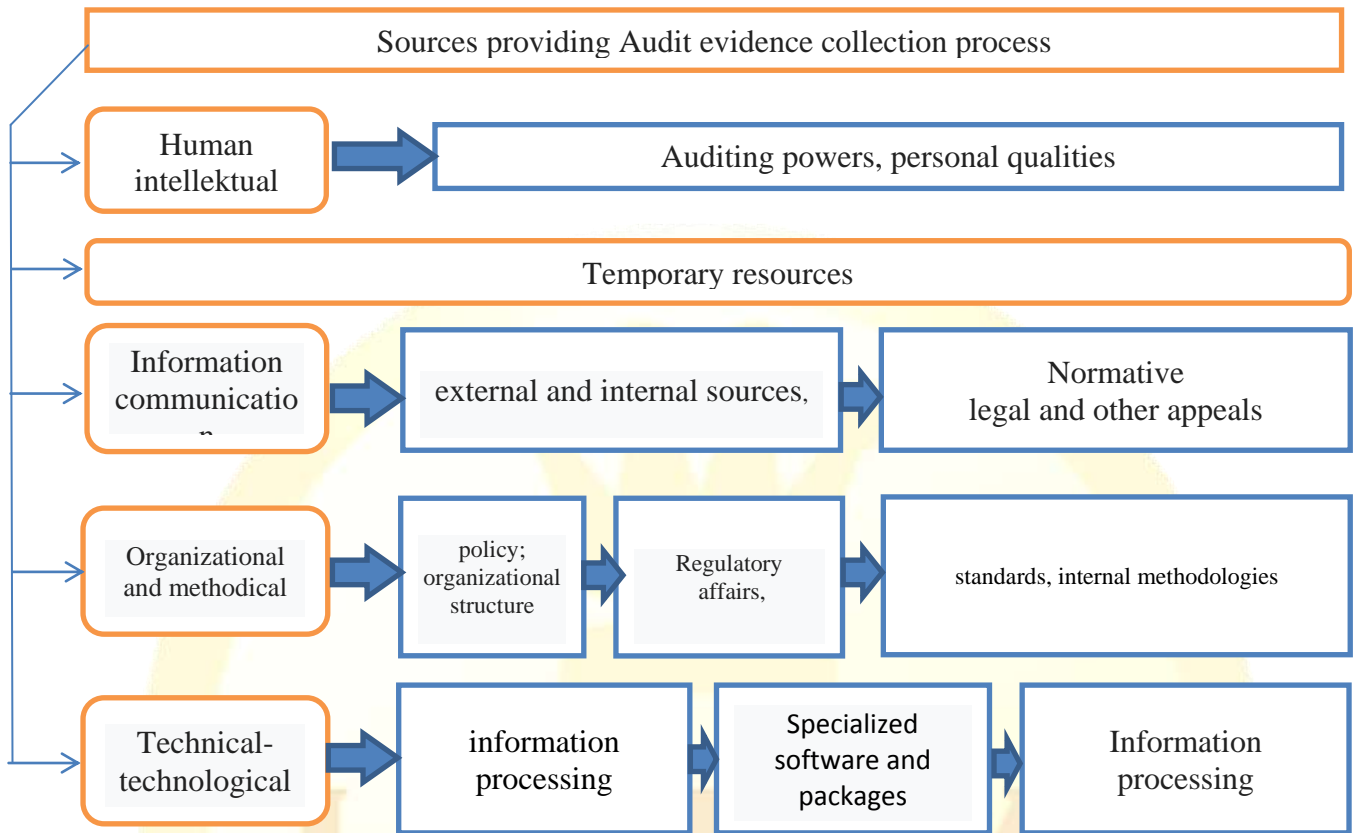
Table 1**Analysis of the stages of analytical activities in the process of conducting an external audit**

№	Stages of auditing control	The main tasks of the auditor
1.	Plan analytical steps in advance	Identify significant areas of analytical practice. Evaluation of compliance with the principle of financial activity continuity.
2.	Preparation and conclusion of analytical action plan and program	Evaluation of the effectiveness of analytical procedures. Drawing up a general plan of analytical activities, the program of analytical activities and the classification of methods used in it.
3.	General plan and implementation of the program	Stages of conducting analytical work and determining the degree of significance in it and the auditor's risk.
4.	The process of conducting analytical work by the auditor	To evaluate customer performance on the basis of financial coefficients used in auditing. To have sufficient evidence to draw up an audit report based on the performance of the auditor's analytical work.
5.	The process of summarizing the results of analytical activities and reflecting them in the audit report	To assess the adequacy of the obtained audit evidence for the performance of analytical procedures.

The case arising from the requirements of international auditing standards serves to ensure the qualitative conduct of external audit audits and the adequacy and appropriateness of the evidence as a result of greater reliance on external sources and the introduction of generalization into practice in the collection of audit evidence by independent auditors.

In our opinion, it is worthwhile to develop an algorithm for summarizing the sources of collection of audit evidence by an external audit in accordance with the requirements of

international standards of auditing. In the image below, we can see the proposed composition of resources that provide audit evidence collection processes.



1-figure: Proposed composition of sources for audit evidence collection process¹.

JV in the audit of societies by external audit, different types of coefficients and interest rates are used as the basis in the comparison of the reporting data and the established normative indicators.

Conclusion

We believe that the following issues should be given special attention when carrying out audit activities in the Joint Stock Companies:

- control over the existence of liabilities and assets at the end of the reporting period in the audited financial statements;
- based on the international standards of the financial report, it is checked whether the income and expenses are reflected in the relevant periods.

The Auditor shall constitute the most part of the documents drawn up in the verification process, as well as the part of its minimum order, as follows:

¹Developed by the authors.

- the form of documents drawn up during the verification process is determined by the internal standards of the firm in each audit firm;

- the results of the study and evaluation of the accounting system; questions related to the different sections of accounting as illustrated by the accounting staff of the client, the table of turnover of documents, taqsimlash scheme of duties in accounting, the methods used in the evaluation and calculation, the success of accounting policies;

- the results of the study and evaluation of internal control system (the client's responses to the questions posed by accountants and management staff on various objects and directions of internal control);

- description of the peculiarities of taxation of the client (list of taxes paid by the client; list of taxes for which the client has a privilege); as well as grounds for benefits.

In our opinion, auditing evidence is the organization of accounting, the initial accounting and summarizing information that will be the basis for expressing the audit conclusion, the information that will be the basis for compiling the financial statement and the balances of the accounts, the information of the business plan, the information obtained from external sources and the information that will not be This information should serve as a sufficient basis for expressing the auditor's opinion. Because on the basis of this evidence we can give a positive or negative conclusion. Of course, along with the collection of these facts, it is necessary to give them an analytical processing, analyze them and draw the appropriate conclusions. To this end, there is a need to consider auditing practices.

Reference:

1. Ganiev Z. O collection of audit evidence and improvement of analytical procedures. Abstract of the Diss.of Philosophy(PhD). 08.00.08.Tashkent. TFI. 2020. 59p.

- 2.Dusmuratov R.D. Auditing activities: theory, methodology and practice: monograph. - T: "Finance" publishing house, 2007. - 276 p.

- 3.Tursunov U.S., Ibragimov A.K.,Peculiarities of the accounting balance in modern management system.//International Journal of Management, IT & EngineeringVol. 10 Issue 02, February 2020. 27-34p.

- 4.Kolonov M.B.Issues of accounting expenses at the motor vehicle companies. Monograph, Tashkent: Iqtisod-Moliya, 2018.-301p.

5. Sheremet A. D.Audit: Textbook. 5th ed., reprint. and supplemented/ A.D. Sheremet, V. P. Suits. - M: INFRA-M, 2006. -448p.

6. Bychkova S. M. International standards of audit: textbook/ S. M. Bychkova, E. Yu. Itygilova. - M.: PROSPECT, 2008. -432 p.
7. Kamyshanov P. I. Practical handbook on audit/ p. I. Kamyshanov. - M.: INFRA-M, 1996. -522 p.
8. Kuziev I.N. Compilation of audit reports and their generalization: theory and methodological issues. Monographs. T.: "Economy-finance" 2015 y., 72p.
9. Decree of the President of the Republic of Uzbekistan №4720 "On the measures to introduce modern methods of corporate governance in joint-stock companies" as of April 24, 2015, Tashkent: lex.uz
10. Bakaev A.S. Annual financial statements of the organization: approaches and comments on the preparation. M.: "Accounting". 1997. -122p.
11. Ibragimov A., Ochilov I., Kuziev I., Rizaev I. Financial and management accounting. - T.: "Iqtisod-moliya", 2008. - 443 p.
12. The national auditing standards of the Republic of Uzbekistan. Tashkent: NORMA, 2009. -240p.