

Mamatov Khabibulla Mamatovich

Senior teacher of department of Audit
Tashkent State University of Economics

Avlayeva Oybachin

Teacher of department of Audit
Tashkent State University of Economics

Annotation. In this article provides information on the essence, types and sources of audit evidence, obtaining audit evidence and factors that can affect the quality of audit evidence. The use of internal and external sources, their reliability, relevance and importance in collecting audit evidence are indicated. Also, the reliability of audit evidence is increased when it is obtained from independent sources, the effectiveness of internal control measures and its advantages compared to documentary evidence.

Key words: audit evidence, inventory, documents, audit report, internal audit, confirmation, adequacy, financial statements, audit review, internal control, internal evidence, external evidence.

INTRODUCTION. The adoption of the Resolution of the President of the Republic of Uzbekistan No. PQ-3946 "On measures for the further development of auditing activities in the Republic of Uzbekistan" dated September 10, 2018 became another impetus for the further development of audit and auditing activities. Particular attention is paid to the issue of applying modern approaches in accordance with international standards in the organization of auditing activities. One of the important issues in commercial banks of the Republic of Uzbekistan is objective control over their activities, assessment of the internal control system and accounting system, reduction of management-related costs and determination of their optimal amount by analyzing the structure of operating costs, and provision of objective information to the bank board. When considering this issue, it is necessary to dwell on the economic essence of bank auditing.

Auditing is a necessary and important part of the financial world. This is because the financial health and well-being of a company (bank, insurance company, fund, etc.) cannot be maintained without proper accounting. Regularly, auditing firms ensure that companies comply with reporting standards and, most importantly, accurately reflect their financial condition. Auditing is especially important for shareholders and creditors, as well as consumers and suppliers, and potential investors. In order for the auditor to form the right conclusion in this regard, he first of all needs reliable, complete evidence.

LITERATURE REVIEW. Audit evidence is information gathered by the auditor to verify the accuracy and consistency of the bank's financial statements. Good audit evidence is sufficient, obtained from an appropriate source, and reliable. The purpose of any audit

conducted at a bank is to determine whether the bank's financial statements comply with generally accepted accounting principles (International Financial Reporting Standards (IFRS)), national accounting and financial reporting regulations.

Various scholars have described audit evidence in their works. Professor Sh.I. Ilhamov grouped audit evidence according to three criteria (internal, external, mixed) and revealed the methodological aspects of its application in the audit of financial statements [1].

Also, standards and guidelines developed by the AICPA (American Institute of Certified Public Accountants) provide guidance to auditors in gathering and evaluating audit evidence. These standards help auditors understand the quality of evidence and its significance [2].

B.K. Hamdamov audit evidence is intended to provide the auditor with the correctness of the financial statements and to draw a correct conclusion about them. Audit evidence confirms and verifies the final information presented by the bank management in the financial statements. If there are frauds and errors in the financial statements, they object to them and present an adverse audit opinion [3].

Professor V.I. Podolsky categorized audit evidence according to criteria such as: procedure for obtaining, method of obtaining, justification, and place of origin, and defined it as the information obtained by the auditor during the audit and the result of the analysis of this information, on the basis of which the audit conclusion is drawn [4].

ANALYSIS AND RESULTS. When conducting an audit of financial statements, the auditor must have sufficient knowledge of the client's business to understand the events, transactions and practices that may have a significant impact on the financial statements, the audit or the audit opinion. To conduct a quality audit of financial statements in accordance with the requirements of the AXS, the auditor must collect, process and prepare an audit report on the basis of a certain amount of information. According to the International Standards on Auditing "Audit Evidence 500", audit evidence is the information that the auditor uses to form his conclusions, on the basis of which the auditor's opinion is formed. Audit evidence includes information from the accounting records that are the basis for the financial statements and other information. That is, all the information that the auditor may need during the audit to express an opinion on the audited financial statements of the enterprise. The number, types, timing and sources of obtaining such information are determined independently by the auditor, based on his professional judgment, the level of confidence in the internal control system, the audit risk and the total amount of special tasks that he must perform.

The sources of information for the auditor's report are:

- primary documents of the bank and third parties;
- accounting registers of the bank;
- results of the analysis of the bank's financial and economic activities;
- oral information of the bank and third parties;

- comparison of bank data with each other and with third-party data;
- results of the inventory of bank property;
- annual accounting report and other documents.

The collection of audit evidence should be aimed at determining the following mandatory criteria: Relevance; Reliability; Justification.

When collecting audit evidence, auditors decide to use representative selection for the audit. Audit evidence should be sufficient to achieve the audit objectives determined by the auditors based on audit practice. In the process of collecting evidence, questionnaire tests can be used, during which the strengths and weaknesses of the internal control and accounting of the organization under study are identified.

To ensure a high level of confidence, audit evidence is obtained using various tools and from various sources. For example:

- Internal evidence is obtained on the basis of information provided directly by the economic entity being audited;
- Mixed evidence is formed on the basis of information obtained from the economic entity and confirmed by a third party;
- External evidence is obtained from third parties at the request of the audit organization.

Inventory is a method of determining the actual availability of the enterprise's funds and their sources for a certain period of time, the actual costs incurred by counting the inventory object in kind, that is, by calculating its balances or checking accounting records.

Inventory is one of the most widely used methods during the audit, with the help of which the accuracy of current accounting data is checked, errors made in the accounting are identified, unaccounted economic problems are taken into account, and the integrity of the funds under the responsibility of persons for material liability is controlled.

Audit methods: Expert assessment, Participation in or observation of inventory, Observation of the implementation of economic or accounting transactions, Oral questioning, Obtaining written confirmation, Verification of documents received by the client from a third party, Verification of documents prepared by the client at the enterprise, Verification of arithmetic calculations, Analysis.

Expert assessment. This method is carried out when there are questions that are beyond the auditor's expertise during the audit. For example, production technology, securities transactions, etc. In these situations, the auditor must use the services of an expert.

An expert is called for the following purposes:

- when assessing fixed assets;
- when assessing work performed under a long-term contract;
- to assess material assets taking into account qualitative and quantitative indicators;
- to obtain legal advice on the implementation and conclusion of contracts;
- to assess information technologies.

Oral questioning. This method involves conducting oral interrogations of materially responsible persons on questions related to the object being inspected. The oral

interrogation method involves conducting oral tests of employees, managers and third parties of the enterprise using the “question-answer-result” principle. This method is usually carried out before the start of the audit, and as a result of the interrogation, the auditor plans to conduct an audit. For the purpose of conducting oral interrogations, the auditor may also prepare questionnaires on various issues in advance. The results of the oral interrogation can also be used at later stages of the audit.

Checking the client’s documents received from a third party. Documents received from a third party include:

- settlement documents with other enterprises (payment request, payment order, letters of credit, etc.);
- primary accounting documents of other enterprises (invoice, invoice and statement);
- with a document confirming the correctness of settlements with financial, tax, banking authorities in the report (bank statement, credit agreement, etc.);
- legal documents confirming the correctness of receivables and payables (contract for the shipment of goods, court decision);
- legal documents expressing the rights of the enterprise (extract from the register of shareholders, insurance contract, lease agreement).

The auditor checks the correctness and accuracy of these documents.

Checking the documents prepared at the client enterprise. Responsibility for the documents prepared at the client enterprise is internal, and their correctness depends on the internal control system.

These include: primary documents, journal orders, cards, records, registers, General Ledger, financial statements, etc.

Verification of arithmetic calculations. The implementation of this method of collecting evidence depends on the functioning of the internal control system. If the auditor finds the functioning of the internal control system satisfactory, the verification of arithmetic calculations is carried out on a selective basis. If the auditor finds the functioning of the internal control system poor, this method is carried out in full. The procedure for verifying arithmetic calculations is chosen by the auditor independently.

Analysis. During the audit, many methods of economic analysis are used.

The analysis should determine:

- the level of client activity;
- an assessment of the prospects for financial and economic activities;
- the margin of error provided for in the client's report;
- reducing the verification at the main stage of the audit.

In order for the client to consider the accounting and internal control system of the enterprise reliable, its activities must meet the following requirements:

1. Authenticity - here, control procedures are used to verify that transactions are actually recorded. This procedure is intended to prevent the recording of sales and purchases that are not supported by documents.

2. Completeness. Control procedures are used to verify that actual business transactions have not been recorded. If the product has been loaded, then all documents about the loading are compared with the invoice.

3. Authorization - using control procedures, it is checked that business transactions have permission before being recorded.

4. Accuracy - control procedures are used to verify that the recorded amounts are calculated correctly. An example of such a control procedure is checking the accuracy of the quantity of the loaded product, the unit price and the total amount reflected in the waybill.

5. Classification - procedures are used to verify that transactions are recorded in the appropriate accounts. Classification is sometimes confused with accuracy, but the difference is that accuracy only applies to the correctness of the amounts recorded.

6. Accounting - this area consists of control procedures aimed at verifying that the accounting process for a given transaction is complete and that it complies with generally accepted accounting standards.

7. Periodization - this area involves checking that transactions are recorded and recorded in the period in which they are incurred.

Another necessary document for audit evidence is the profitability indicators of an enterprise or joint-stock company. Profitability - shows how effectively the enterprise uses its resources. Profitability indicators, such as profit margin or return on assets, help assess the financial success of the enterprise. Profitability is determined by the following indicators of efficiency: gross income, expenses, assets, and efficiency indicators per sum of capital: gross profit, operating profit, profit before tax, and net profit.

The table below shows the profitability indicators of "Qo'yliq dehqon bozori" JSC (Table 1).

Table 1

Profitability indicators of "Qo'yliq dehqon bozori" JSC 2023-2024¹

Indicator	Last year	Reporting year	Difference, (+,-)	Growth, %
Net revenue from sales of products (works and services) (010)	9 545 268	10 727 486	1 182 218	124.0
Cost of products (works and services) sold (020)	0	0	0	0
Gross profit (loss) from sales of products (works and services) (010-020)	9 545 268	10 727 486	1 182 218	124.0
Profit (loss) from operating activities (030-040+090)	9 545 268	10 727 486	1 182 218	124.0
Profit (loss) from general	1 934 750	2 193 852	259 102	114.0

¹ Made by author

economic activities (100+110-170)				
Profit (loss) before income tax (220+/-230)	1 934 750	2 193 853	259 102	114.0
Net profit (loss) for the reporting period (240-250-260)	1 536 023	1 739 865	203 842	110.0
Average annual value of assets	10 841 779	12 001 642	1 159 863	122.0
Average annual value of current assets	1 105 297	2 056 593	951 296	200.0
Average annual value of current assets	292 195	341 452	49 257	106.0
Return on assets, %	10.19	17.14	6.95	165.0
Return on current assets, %	3.15	2.43	-0.72	85.0
Return on long-term assets, %	10.53	17.56	7.03	166.0
Return on fixed assets, %	8.71	15.79	7.08	190.0
Return on debt capital, %	3.25	2.5	-0.75	84.0
Profitability of core activities, %	12.5	26	13.5	201.0

We can see that the profitability indicators of “Qo’yliq dehqon bozori” JSC and their changes can be assessed positively compared to the previous year. In particular, the return on assets increased by 6.95%, the return on long-term assets by 7.03%, the return on fixed assets by 7.08%, and the return on main activities by 13.5%.

Based on the above, we can say that as a result of further expanding the scope of measures aimed at compiling and improving reports on profitability indicators in the practice of joint-stock companies operating in our country, opportunities have emerged to further increase the positiveness of profitability indicators.

CONCLUSION. Auditing is a necessary and important part of the financial world. This is because the financial health and well-being of a company (bank, insurance company, fund, etc.) cannot be maintained without proper accounting. Regularly, audit firms ensure that companies comply with reporting standards and, most importantly, accurately reflect their financial condition. Auditing is especially important for shareholders and creditors, as well as consumers and suppliers, and potential investors.

Audit evidence is information collected by the auditor to verify the accuracy and compliance of the bank's financial statements. Good audit evidence is sufficient, obtained from an appropriate source, and reliable. The purpose of any audit conducted in a bank is to determine whether the bank's financial statements comply with generally accepted

accounting principles (GAAP), international financial reporting principles (IFRS), national accounting and financial reporting regulations. Audit evidence is intended to provide auditors with the assurance that the financial statements are true and fair and to enable them to draw a reasonable conclusion. The following conclusions have also been drawn from the research:

1. The reliability of audit evidence is significantly increased if it is obtained from independent sources outside the entity.
2. The reliability of audit evidence obtained within the entity is increased only if the appropriate internal control measures introduced by it, including effective control over the preparation and storage of data.
3. Audit evidence in documentary form (paper, electronic forms) is more reliable than evidence obtained orally. For example, written minutes of meetings prepared in a timely manner are more reliable than oral statements of matters discussed at meetings of shareholders or founders.

REFERENCES

1. Ilhamov.Sh.I © «Audit» (darslik). Toshkent Davlat iqtisodiyot universiteti. Iqtisodiyot, 2011 y.- 581 b.
2. O'quv-uslubiy majmua. -: „AICPA“ 2022 yil, 15 dekabr. Manba: us.aicpa.org
3. Hamdamov B.K (2020). Xalqaro audit standartlari. O'quv - uslubiy majmua. - T.: "Toshkent Moliya institute". 2020 y.
4. Podolskiy V.I «Audit» (universitetlar uchun darslik). 2009 yil
5. PQ-3946 (2018). O'zbekiston Respublikasi Prezidentining "O'zbekiston Respublikasida auditorlik faoliyatini yanada rivojlantirish chota-tadbirlari to'g'risida"gi Qarori. 2018 yil 10 sentyabr. PQ-3946. <https://www.lex.uz>.
6. Auditning xalqaro standartlari 501-standart. Auditorlik dalillari (International standart on auditing. Audit evidence 500).
7. AV-3394 (2022). O'zbekiston Respublikasi Moliya vazirligining buyrug'i bilan Adliya vazirligi tomonidan " Ichki audit milliy standartlari". 2022-yil 24-oktyabrda ro'yxatdan o'tkazilgan. AV-3394. <https://audit.mf.uz/>
8. Auditning xalqaro standartlari 500-standart. Auditorlik dalillari (International standart on auditing. Audit evidence 500). <https://www.ifac.org>