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Annotation. *The article highlights the process of gathering audit evidence necessary to verify financial statements. It also provides detailed information on the implementation of the methods used in the collection of audit evidence in the process of auditing examination.*

Keywords: *analytical procedures, external confirmation, observation, control, arithmetic calculations, internal control.*

Introduction

The socio-economic activity of society developed during a period of rapid economic development, starting with the trade in goods. However, gradually, more and more ideas began to appear about how to control and control the processes taking place in humanity, how to control the processes taking place in humanity. Such activity is shown in the first nawab as the upbringing of dovlats, in which God does not obey the gods and does not allow them to obey God, but gives the opportunity to organize social and hierarchical relationships using their methods and algorithms. Based on all this, the Supervisory Authority began the audit.

Main part

The most important decision that every auditor must make is to determine the appropriate amount of evidence to be obtained to confirm that all elements of the client's financial statements and those financial statements, as a whole, are presented objectively. It is important to reach a decision on this issue, because evaluating and analyzing all available evidence would inflate the value of the audit to an unimaginable level.

For example, in the audit of financial statements on a large part of economic systems, there is no possibility of checking all canceled checks, shipping letters, documents for receiving goods, invoices for sale, transport documents, customer orders, settlement sheets, as well as many other documents and records.

The process of deciding what evidence the auditor needs can be thought of as seeking answers to the following four questions:

1. What audit procedures should be used?
2. What should be the size of the classification for each specific audit activity?
3. Which specific element should be selected from the given set?
4. When should specific actions be taken?

In order for the conclusion drawn from the audit to be reliable and reasonable, auditors should consider the following important aspects of audit evidence that affect its reliability:

1. External audit evidence is more reliable and important than internal written and oral evidence.
2. The effectiveness of internal control systems and audited firm accounting increases the reliability of internal audit evidence.
3. The evidence obtained by the auditor is more reliable than the information obtained from the audit organization.
4. The reliability of audit evidence increases the number of sources and the content of opinions sufficient to give a different conclusion, strengthens the accuracy and correctness of the given conclusion.

5. During an audit, the auditor will need to develop a set of clear, detailed instructions on the specifics of collecting one or another type of evidence at each stage of the audit to obtain audit evidence.

For example, inventory of inventory items, checking the availability of non-cash checks, preparation of profit and loss reports, operational accounting and vehicle audit are carried out. In particular, they provide special names, which makes it possible to use these strokes as auditable images.

The auditor can vary the scope of the audit procedures from one to all elements of the audited set. Let's imagine that the sales journal records payments for 6,600 accounts. In this case, the auditor can select 200 accounts and compare them with the cash book. Each specific audit process must decide for itself how many elements to examine. The scope of selection may vary for different audits. The auditor must decide for himself how many elements to examine in each specific audit. The scope of selection may vary for different audits. Once the auditor has determined the scope of selection for a particular audit, he must also determine which specific elements to examine. If, for example, the auditor decides to examine 200 paid invoices from a set of 6,600 invoices to compare with the sales journal entries, he can use several methods to select the specific invoices to examine. The auditor:

- a) select a week and check the first 200 accounts;
- b) select the 200 largest accounts;
- c) select an account for voluntary verification or;
- d) the auditor may select an account that, in his opinion, is likely to contain errors.

In addition, it is possible to use some other method, which is considered a harmonious combination of these approaches.

A financial statement audit usually covers a period, such as a year. The audit is usually completed a few weeks or months after the end of the period. Therefore, the timing of the transactions included in the audit may vary and may be performed at the beginning of the reporting period or after a long period of time after the reporting date. In a financial statement audit, the client will most often want the audit to be completed within one to three months of the year-end.

It should be noted that all significant audit evidence that is relevant and used by the auditor in preparing the audit report and working papers, regardless of the form in which it is presented to him (written, formal, documentary or oral), regardless, it must be determined in the form established in the auditor's working papers, according to the audit documentation approved by the auditing organization.

Sources of information for obtaining audit evidence may include: (Table 1)

Sources of information for gathering audit evidence

Table 1

№	Sources of audit evidence	Explanation
1	Financial (accounting) report for the current period	
2	Accounting, journals, books, information	
3	Operational credentials	
4	Internal (management) report of the enterprise (for current and previous periods)	
5	Inventory materials	
6	Auditor's working papers for previous audits	
7	Minutes of the meeting of shareholders of the enterprise;	
8	Documents of the internal auditor of the enterprise	

9	Orders and orders of the management of the customer enterprise	
10	Information obtained as a result of verbal communication with the management of the enterprise	
11	Founding documents	
12	Contracts, documents related to the conclusion of contracts	
13	Information about the survey and survey results	
14	Responses to inquiries from third parties	
15	Analytical data on the financial and economic performance of the enterprise over several years	
16	Financial (non-governmental non-commercial) reports (director's reports, chairman of the board, economic audit of the enterprise, etc.)	
17	Data on comparative analysis of the financial and economic performance of the client enterprise with the indicators of other enterprises in the industry	
18	Court case materials, advertising, lawsuit;	
19	Statistical information;	
20	Results of conducted examinations and experiments.	

The general purpose of these documents is to assist the auditor: they enable the auditor to obtain reasonable assurance that the audit is being conducted in accordance with generally accepted standards. In specific cases, working papers related to the current year's audit are considered evidence collected, as well as a record of the audit results, and serve as the basis for planning the audit. It is the basis for information and inspections carried out by supervisors to determine the appropriate type of audit opinion for a particular situation.

In determining the types and sources of audit evidence, the auditor should consider the need to ensure a reasonable balance between the costs of obtaining it and the need and usefulness for the audit process. If the auditor has reasonable doubts about the reliability of a particular significant statement, the auditor should seek to obtain additional audit evidence, regardless of the cost of the work, if it will help to determine the truth. If the auditor cannot find the necessary evidence that is significant in forming the audit opinion, he or she should disclaim an opinion on the financial statements.

Due to the unique nature of audit evidence, and also due to the value of the audit, the auditor cannot be completely sure that the opinion he expresses is absolutely correct. However, he must be satisfied that his opinion is sufficiently fair. The auditor can compare all the evidence and come to a decision on whether he is sufficiently confident in his opinion to form an audit opinion. There are three factors that determine the reliability of evidence - accuracy, sufficiency and timeliness.

Audit evidence, in addition to purposes directly related to the preparation of the audit report, may serve as a basis for the preparation of working papers, tax returns, information for stock exchanges, and other notifications. They may be a source of information for making formal representations to the company's audit committee and management on various matters if, in the auditor's opinion, they can help improve the client's operations or if such communications are required by generally accepted auditing standards; they also serve as additional information to help train staff and coordinate the planning and execution of future audits. Each audit firm develops its own approach to preparing and organizing working papers. The lead auditor should follow the approach developed by his or her audit firm.

During the audits, the auditor obtains a certain amount of confidential information, including information about the monthly salaries of the department's employees, the prices of products, and the value of these products. If an auditor discloses such information to unauthorized third parties or to employees of his client, it could seriously damage the auditor's relationship with the management of the company he is auditing. In addition, if the employees of the client company have the opportunity to look at the working documents of the auditor, then they can change the information in it. Therefore, all necessary measures should always be taken to protect working documents.

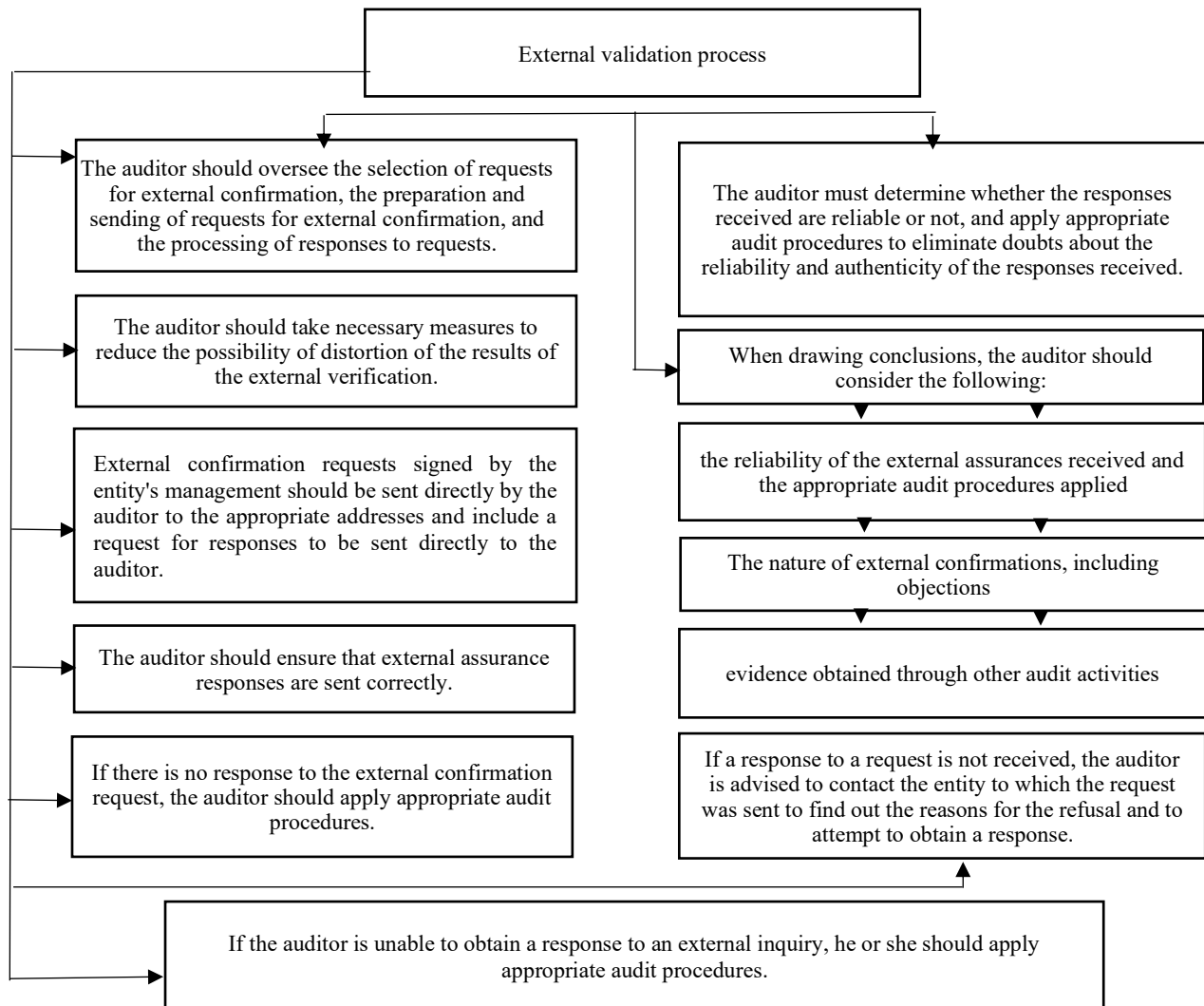


Figure 1. Algorithm for application of external verification process in liability audit

If the client is responsible for preparing, sending, and receiving confirmation requests, the auditor loses control and independence, and the reliability of the evidence is reduced.

Typically, working papers can only be provided to third parties with the express consent of the client, even if the auditor has "sold his practice to another audit firm." However, permission is not required if the documents are required by a court or are used as part of a voluntary quality assurance program by other auditing organizations.

The auditor has the right to obtain written responses from third parties when gathering evidence and to obtain confirmation that the evidence is sufficient and appropriate for the conclusion. Because confirmations come from sources independent of the client, they are a particularly valuable

and frequently used type of evidence. However, obtaining such confirmations can be very expensive. Also, this request may cause some inconvenience to the persons addressed. Therefore, in all cases where it is possible to avoid it, this is the way to do it.

Whether or not to use corroboration depends on the need for highly reliable information in a particular situation, as well as the availability of alternative evidence. When auditing separate business transactions between organizations, such as sales transactions, confirmation is not usually used, as the auditor can use documents for this purpose. Likewise, confirmation is rarely used in the audit of fixed assets, since these assets can be verified with sufficient reliability through documentation and actual controls. For confirmation to become reliable evidence, it must be under the auditor's control from the time the request is sent until the response is received. Although confirmations are not required for any other accounts in the financial statements, this type of evidence is very useful in verifying financial statement data. The following figure shows the sequence of external confirmation procedures in a commitment audit. (Figure 1)

CONCLUSION

It is appropriate to use the above-mentioned actual control, documentation, verification, observation, arithmetic accuracy and analytical operations to ensure the reliability and adequacy of the evidence collected by the auditor during the audit. The evidence obtained in this process serves to further increase the accuracy, correctness and reliability of the audit opinion. Increases the importance of audit evidence in the full implementation of audit objectives and is the basis for the audit report.

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