

THE ESSENCE OF AUDIT AND AUDIT ACTIVITIES

Abstract: *This article discusses the peculiarities of audit and auditing activity. Considers histories and stages of development, principles auditing performance.*

Key words: Audit, bank, risk, financial control, Management

СУЩНОСТЬ АУДИТА И АУДИТОРСКОЙ ДЕЯТЕЛЬНОСТИ

Аннотация: *В данной статье рассматриваются особенности аудита и аудиторской деятельности. Рассматриваются истории и этапы развития, принципы аудита эффективности.*

Ключевые слова: аудит, банк, риск, финансовый контроль, управление.

Audit has a long enough history. The first independent auditors appeared in the XIX century. in the joint-stock companies of Europe. The word audit in different translations means he “hears” or “listens”. The emergence of audit is related to the division of interests of those who directly manage the enterprise (administration, managers), and those who invest in its activities (owners, shareholders, investors). The latter could not and did not want to rely solely on the financial information provided by the managers and subordinate accountants of the enterprise. Quite often bankruptcies of enterprises, fraud on the part of the administration significantly increased the risk of financial investments. The shareholders wanted to be sure that they were not deceived, that the report submitted by the administration fully reflects the actual financial position of the enterprise. To verify the correctness of financial information and to confirm

financial reporting, people were invited who, according to shareholders, could be trusted.

The main requirements for the auditor were his impeccable honesty and independence. With the complication of accounting, a good professional preparation of the auditor is a prerequisite. The historical homeland of the audit is England, where in 1844 a series of company laws was issued, according to which the boards of joint-stock companies are obliged to invite specialists at least once a year to check accounting accounts and report to shareholders. In Russia, the title of auditor was introduced by Peter I. The position of the auditor combined several duties of the clerk, secretary and prosecutor. Auditors in Russia were called sworn bookkeepers. All three attempts to establish an audit institution (in 1889, 1912 and 1928) were unsuccessful. The world economic crisis of 1929-1933. increased the need for the services of accountants - auditors. At this time, sharply tightened the requirements for the quality of the audit and its compulsory nature, the market demand for services of this kind is increasing. After the end of the crisis, almost all countries begin to introduce mandatory requirements to the volume of information contained in annual reports and the obligation to publish these reports and auditor's conclusions.

Audit becomes a powerful weapon against fraud. Until the late 1940's. The audit mainly consisted in the verification of the documentation confirming the recorded monetary transactions, and the correct grouping of these transactions in the financial statements. This was the so-called confirmatory audit. After 1949, independent auditors began to pay more attention to internal control issues in companies, believing that with an effective system of internal control, the probability of errors is insignificant and the financial data is sufficiently complete and accurate. Audit firms began to engage in more consulting activities than directly audit audits. Such an audit was called system-oriented. The third stage in the development of the audit is its focus on possible risk in conducting the audit or in counseling, prevention and avoidance of risk:

an audit in which, based on the client's business conditions, the audit is conducted selectively, mainly where the risk of error or fraud is maximum.

In the early 70's. the development of audit standards began. In England, auditors are experts in the field of control over the reliability of financial reporting, including those working in government bodies. In France, in the area of independent financial control, there are two professional organizations of accountants who deal directly with accounting, reporting and advisory services, and on accounts that monitor the reliability of financial reporting. In the United States, a certified public accountant verifies the reliability of the financial statements.

In all developed countries, persons wishing to acquire the profession of an accountant-auditor will have many years of study and practice, as well as numerous examinations. Representatives of the Chamber of Auditors, organizations that unite all persons of this profession regularly check their work, and in case of their unsatisfactory audit activity raise the issue of their exclusion from the Chamber of Auditors, which means prohibition of their further activity. The audit is an independent examination and analysis of the financial reporting of economic entities by authorized auditors (audit firms) with the purpose to determine its reliability and compliance of financial and business operations with legislative and other regulatory acts of the Republic of Uzbekistan, as well as verification of completeness, reality, compliance with the requirements to the conduct of accounting or other financial statements. The audit also includes consulting - the provision of services under a contract with the client. The purpose of the audit is the solution of a specific task, which is determined by legislation, the regulatory regulation system of auditing activity, contractual obligations of the auditor and the client. The main objective of the audit activity is to establish the reliability of the accounting (financial) reporting of economic entities and the compliance of the completed financial and business operations with normative acts.

The purpose of the audit is to check financial reports in order to: confirm the accuracy of reports or to ascertain their unreliability; verification of completeness, reliability and accuracy of accounting in the accountability of the costs, revenues and financial results of the enterprise for the period being audited; monitoring compliance with the legislation and regulatory documents governing the rules of accounting and reporting, the methodology for assessing assets, liabilities and equity; identify reserves for better use of their own working capital, financial reserves and borrowed sources. The main objective of the audit of financial reports is an objective assessment of the completeness, reliability and accuracy of reporting assets, liabilities, equity and financial performance of the enterprise for a certain period, verification of compliance with the accounting policy adopted by the enterprise in the current legislation and regulations. In the course of the audit, it is established that the balance sheet, the statement of financial results, the reliability of these explanatory notes are correct.

The auditor should check: completeness of implementation of decisions of owners of enterprises on changing the volume of authorized capital; the identity of the data of the synthetic and analytical accounting for the accounts of the asset and the balance sheet; completeness of reflection in accounts receivable and payable. In the process of preparation of the audit report, the following is verified: compliance with the accounting policy adopted at the enterprise for the reflection of certain business transactions and property valuation; Correctness of attribution of income and expenses to reporting periods: Differentiation in accounting for current costs of production (distribution costs) and capital investments; ensuring the identity of the data of the analytical accounting for the turnover and the balances on the accounts of the analytical accounting on the 1st day of each month.

The differences in audit and audit are as follows: 1. Objectives: audit - an expression of opinion on the reliability of financial reporting, the provision of

services, assistance and cooperation with the client; audit - identifying shortcomings with a view to eliminating them and punishing those responsible. 2. Nature: audit - business; audits - performing activities, execution of orders. 3. Basics of relationships: audit - voluntariness, implementation on the basis of contracts; audits - enforcement, execution by order of higher or state bodies. 4. Management communications: audit - horizontal links, equality in the relationship with the client, report to him; revisions - vertical links, appointment by a higher level, report to it on execution. 5. Principle of payment for services: audit - payment is made by the client; audit - payment is made by a higher level or state body. 6. Practical tasks: audit - improving the client's financial situation, attracting liabilities (investors, creditors), assisting and consulting the client; audit - preservation of assets, suppression and prevention of abuse. 7. Results: audit - audit report - a document that has legal significance for all legal and physical persons, public authorities and administration, local government and judicial bodies. The final part of the audit report containing a record of confirmation of the reliability of the financial (financial) reporting can be published; 65 audits - audit certificate - an internal document in which all identified, even minor, deficiencies are noted; The act must be transferred to a higher organization or other bodies.

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