

ISSUES OF DETERMINING THE COMPLEXITY OF FINANCIAL STATEMENTS AT THE PLANNING STAGE OF FINANCIAL AUDIT PROCESSES

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Abstract. *This article examines the issues of determining the complexity of financial statements at the stage of planning financial audit processes in budget organizations, and offers suggestions and recommendations.*

Key words : *audit plan, audit strategy, financial audit, complexity of financial reporting.*

Introduction.

Currently, the allocation of state budget funds and their spending is causing a lot of discussion in the general public. Therefore, the main purpose of the financial audit is to serve to form a transparent and objective opinion in these discussions. This is a scientific research aimed at the efficient and objective organization of the financial audit in order to ensure the correct use of the allocated funds and reliable information about it to the representatives of the general public. determines the urgency of the implementation of work.

The main purpose of financial audit planning is to ensure that the audit is conducted in the most efficient manner. A financial audit requires the auditor to express an opinion on whether the financial statements are prepared in accordance with the applicable financial reporting system in all material respects. Since the Supreme Audit Institutions are engaged in the audit of general purpose financial structures, the opinion is whether the financial statements are fairly presented or represent a true and fair view of the organization's financial position, financial results, cash flows and other elements.

Literature review.

Defines financial control as a system of state and public bodies authorized to control the financial and economic activities of organizations, to assess the economic efficiency of their activities, to determine the legality and expediency of economic and financial operations, and the timely and completeness of receiving income to the state budget. Control, in turn, is carried out continuously in order to ensure the priority of laws. Thus, in the interpretation of financial control by control, the purpose of control is violated. (*Shahin et al. 1997*)

Financial control is seen not only as a process of determining legitimacy, but also as a process of evaluating the effectiveness and efficiency of the management object. (*Voronin 2005*)

V.Sh.Nuritdinov and M.Asharapova say the following about financial control: "Financial control is a set of actions and treatment of financial control and issues related to it, organizing the management of economic entities with the help of specific methods and forms. (*Nuritdinov and Sharapova 2019*)

Although the concept of financial audit is close to the concept of financial control, there are differences between their purpose, task and fields of application.

The purpose of a financial audit is to increase the level of confidence of the intended users in the financial statements. This is achieved by the auditor expressing an opinion on whether the financial statements are prepared in all material respects in accordance with the applicable financial

reporting framework or whether the financial statements are prepared in accordance with fair presentation (ISSAI 200)

Research methodology.

The research used induction, deduction, systematic and comparative analysis, grouping, experiment, adaptive methods, integrated approaches, analysis and approval of international experiences on the issues of asset impairment calculation and improvement of methods.

Analysis and discussion of results

Obviously, a good starting point for any financial audit is an assessment of the complexity of the financial statements. This initial assessment should provide an easy way to determine the complexity of the financial statements and plan for manpower requirements, the duration of the audit, and an overall idea of the audit-related tasks. The deployed workforce should be commensurate with the level of complexity and training of the audit engagement team. The table below shows the questionnaire used by auditors in assessing the complexity of financial statements.

Table 1

Questionnaire used to determine the level of complexity of financial reporting¹

| <i>Questionnaire</i> | <i>Explanation</i> |
|---|--------------------|
| Are financial statements prepared using the cash method or the accrual method? | |
| Commercial or non-commercial? | |
| A for-profit organization? | |
| Income quantity how much (income quantity raised towards complexity increased goes)? | |
| Is the organization digitized or not? | |
| Financial report whether consolidated or no ? | |
| Debt debt quantity how much (debit debt quantity raised towards complexity increased goes)? | |
| Money funds quantity how much (money funds quantity raised towards complexity increased goes)? | |
| Pure debts quantity how much (net debts quantity raised towards complexity increased goes)? | |
| Debt private to capital ratio coefficient (coefficient raised towards complexity increased goes) | |
| Organizational structure? | |
| To what extent does the organization depend on state support? | |
| Even though the organization is making a loss, is it dealing with issues of public interest? | |
| Is the working capital position (Working Capital = Current Assets-Current Liabilities) negative or not? | |
| Does the management of the organization have a supervisory board or not? | |
| Are there any significant changes in the organization's accounting policies during the financial year? | |
| How long has the organization been operating? | |

The planning stage is one of the most important stages of the financial audit. The main purpose of the planning stage of a financial audit is to plan to the extent that it allows the audit to be carried out effectively . One of the tasks performed by the auditor at the stage of financial audit planning is the creation of an audit plan and a general audit strategy.

As mentioned above, one of the things to be done during the financial audit planning stage is to develop an audit strategy.

The overall audit strategy helps the auditor to :

¹ The author by systematized

- ▶ Determining the resources needed for specific areas of the audit (for example: experienced auditors, experts, tax consultants);
- ▶ Allocation of resources between specific areas of the audit (for example: the number of members of the audit team, the number of participants in the inventory, checking the work of other auditors);
- ▶ Determining the timing of the use of these resources (for example: in the interim audit or in the final audit)
- ▶ Management, direction and control of these resources (for example: meetings, consultations, procedures for reviewing the work done, where resources are directed, etc.)

AXS 300 states that the auditor should develop an overall audit strategy that defines the scope, duration and direction of the audit and guides the development of the audit plan.

Audit engagement teams should understand the difference between strategy and plan, as the two terms are used interchangeably. An audit strategy is a record of key decisions about what to audit and why during an audit engagement. Such a strategy prioritizes the following tasks among various tasks

- (i) by whom to audit
- (ii) how the audit will be conducted
- (iii) when the audit will be conducted
- (iv) where the audit will be conducted should be indicated.

We believe that it will be appropriate if the audit strategy consists of the following sections :

- Audit features;
- Purposes of reporting, deadlines for auditing and nature of information exchanges;
- Important factors, initial work on the agreement and knowledge gained from the execution of other agreements;
- Nature of resources, timing and extent of their use

Below is the proposed sample form of the audit strategy for conducting financial audits in budget organizations (Table 2).

Table 2

Audit strategy used in the planning phase of a financial audit²

| | |
|--|--|
| Part I | |
| Name of the organization | |
| Fiscal year | |
| Officials | |
| Employees of the audit service | |
| Head of audit service | |
| Responsible for quality control | |
| Part II | |
| Level of complexity | |
| Financial of the report financial report basics according to in short , that 's it including current financial period happened was changes | |
| Type of organization | |
| Regulatory document and authorized body for auditing | |
| Previous audit results | |
| A summary of the compliance or performance audit | |
| Date of preparing the audit report | |
| Audit start and end date | |
| Audit scope | |
| The result of the initial natural risk assessment | |

² The author by systematized

| | |
|---|--|
| The result of the initial control risk assessment | |
| Initial natural and control risk results audit team's conclusion on the level of complexity of the organization (high/medium/low) | |
| Use of expert services | |
| On-site inspection | |
| Financial the report check to places out done to be increased part | |
| The state of digitization of accounting | |
| Possibilities of using computer technologies in performing audit procedures | |
| The date of the meeting with the management of the organization to start the audit | |
| Other important aspects of the audit | |

One of the tasks performed by auditors after developing an audit strategy is to draw up an audit plan. Below is a sample form of this audit plan.

1. Initial information:

Organization name:

Period under review:

Audit period:

Audit team:

| No | Name and Surname | Certificate number |
|-----|------------------|--------------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| ... | | |

Audit strategy number:

Audit working day:

1. Information about the organization:

Important aspects of the organization:

Revisions/Additions:

Audit procedures:

| No | <i>Procedures for risk assessment and subsequent audit procedures</i> | <i>Opinion subject to confirmation</i> | <i>Due date</i> | <i>Performance c hilar</i> | <i>Business documents</i> |
|-----|---|--|-----------------|----------------------------|---------------------------|
| 1 | | | | | |
| 2 | | | | | |
| ... | | | | | |

Audit plan shape assignment according to group leader by to be completed and audit assignment management , control to do and check for mas ul was belongs to employee by confirmation need This enough level documented to be need

Conclusions and suggestions.

In the financial audit of budget organizations, it is necessary to correctly assess the level of complexity of financial statements, and it is appropriate to carry out the assessment based on the characteristics of the organization and the sources of financing, the composition of expenses. The correct assessment of the level of complexity of financial statements serves to determine the volume of audit work and its correct distribution, and as a result, to form an audit opinion that is in the interests of users.

improved audit strategy and plan has been developed based on the nature of budget organizations .

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