

Documentation is an Important Criteria for Audit Quality Assurance

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Abstract: Audit documentation is one of the most important conditions for its competent conduct, because the purpose of the audit is to confirm the reliability of financial statements. The auditor should document information that is important to provide evidence supporting the audit opinion and to demonstrate that the audit was conducted in accordance with international auditing standards. This article is dedicated to the description of this process.

Key words: Small and medium-sized business, classification criteria, business entity, simplified accounting, plan of accounts, accounting policy.

INTRODUCTION

Documentation is one of the important and integral parts of the auditor's work. Perfect, timely and regular preparation of documents by auditors allows to ensure the quality of services provided by the auditing organization.

After all, in modern audit practice, the level of professional responsibility of the auditor is directly related to the level of guaranteeing the quality of the audit conducted by him. It is possible to prove that audit services have been performed with sufficient quality by the level of formalization of the audit evidence collected by the auditor in working documents.

In addition, the status and quality of the auditor's working documents is one of the main criteria for evaluating the activity of the audit organization when external quality control is carried out by the relevant agencies.

RESEARCH METHODS

In the process of writing the article, analysis and grouping from theoretical methods of scientific research, data collection and observation from empirical methods, and measurement and comparison methods from scientific knowledge methods were used.

RESEARCH RESULTS AND THEIR DISCUSSION

In international audit practice, this issue is mainly regulated by the International Auditing Standard (IAS) No. 230, entitled "Audit Documentation". In addition, issues of audit documentation are additionally described in a number of AXS:

The obligations of the auditor in connection with the preparation of audit documents related to the audit of financial statements are considered in the AXS on audit documentation.

In particular, in accordance with paragraph 2 of the AXS No. 230 entitled "Audit documentation", audit documentation that satisfies the specific documentation requirements of this AXS and other relevant AXS provides the following:

(a) evidence of the auditor's opinion for the conclusion that the auditor's overall objectives have been achieved;

(b) Evidence that the audit was planned and performed in accordance with ISAs and relevant legal and regulatory requirements.

Clause 3 of this standard specifies a number of additional tasks of audit documentation, including:

- ✓ to assist the audit team in planning and implementation of the audit;
- ✓ assisting the members of the audit team responsible for supervision to manage and supervise the audit and to fulfill their review responsibilities in accordance with AXS 220;
- ✓ to enable the audit team to be responsible for its work;
- ✓ to keep records on matters of continuous importance for future audits;
- ✓ Enable quality control reviews and inspections in accordance with national standards requiring SNXS 1 or less.
- ✓ enable external audits in accordance with applicable laws, regulations or other requirements.

The purpose of documenting the audit is according to the statement of AXS No. 230 according to:

- a) adequate and appropriate basis for the audit report (summary). of data collection;
- b) the audit is to provide evidence that the audit was planned and carried out in accordance with international standards and relevant legal and regulatory requirements.

According to DJ Robertson, working papers are auditor's records prepared in accordance with generally accepted auditing standards.

According to Professor Pankova S.V., working documents are a set of documents created or obtained in connection with the audit and stored in the audit organization.

Professor Suits V.P considers the documents prepared by the auditor before and during the audit as his working documents.

Article 6 of the AXS No. 230 entitled "Audit documentation" specifies that auditor's working documents are documents that record audit procedures performed, relevant audit evidence obtained, and auditor's conclusions in written form.

According to the international practice of auditing, auditor's working papers usually include:

- information on the legal and organizational structure of the client company and copies of supporting documents (foundation documents of the company, certificate confirming its state registration, license...);
- the latest information about the network in which the client company operates;
- audit strategy, plan and program;
- documents confirming that the auditor has studied the accounting and internal control system of the client company;
- documents compiled on the steps taken to determine the initial level of importance and risk assessment;
- documents on the justification of changes made to the level of importance and risk during the audit process;
- information on studying the internal control system;
- information on the analysis of the company's activity;
- duly certified copies of the company's financial statements.
- the auditor's report prepared according to the auditor's conclusion and the end of the inspection, etc.

Documentation is not limited to documents prepared by the auditor, but may include other relevant documents such as minutes of meetings prepared by an employee of the entity and agreed with the auditor (see paragraph A 14).

At the same time, the auditor should document the discussion of material matters with management, persons charged with corporate governance, and others, including the nature of the material matters discussed and when and with whom the discussions were held.

- documents related to involvement of an expert in the audit process and information provided by the expert.
- the auditor's correspondence with the management of the client company, experts and third parties;
- documents drawn up on the use of sampling in the audit process and the conduct of other audit procedures;

The audit organization independently develops the forms of its working documents, if the documents regulating audit activity in the Republic of Uzbekistan do not provide for such forms.

Audit documentation can be done on paper, or in electronic form, or in other media. Documents made in these forms can be in the following forms:

- records (obtained evidence, performed control actions, description of important questions, report of completed works, etc.);
- graphs, diagrams, drawings (graphs showing changes in the company's indicators, diagrams on the structure of expenses, enterprise management system, drawings on the circulation of documents, etc.);
- sample forms (questionnaires, questionnaires, tests, etc.) used to perform standard procedures;
- electronic resources (tables prepared in Excel, special accounting software, scanned documents, etc.)

Based on the AXS, the following requirements are set for the content of the auditor's working documents:

- working documents must be prepared on time;
- it should cover the information reflecting that the audit was planned based on AXS and was conducted in a competent manner;
- should reflect opinions and conclusions based on the evidence obtained during the audit;
- working documents should be sufficiently complete and detailed so that an experienced auditor, after familiarizing himself with it, has a general impression of the audit conducted by the auditing organization.
- the auditor's working documents must be duly formalized.
- working documents should be suitable for this audit assignment. Because in some cases, pre-prepared sample forms may not be able to fully reveal the reality and it may be necessary to develop other special forms of documents.

According to paragraph A1 of AXS No. 230, timely preparation of adequate and appropriate audit documentation helps to improve audit quality and facilitates effective review and evaluation of audit evidence and conclusions reached before the completion of the audit report (summary).

Documentation prepared after completion of the audit may be less accurate than documentation prepared during the audit.

In order to ensure that the working documents of the auditor have legal force, a number of requirements have been set for their formalization.

The documents included in the working documents should have the following details:

- a) name of the document;
- b) the name of the economic entity that is being audited;
- c) the period during which the audit is being conducted;
- g) the date of the audit or document creation;
- d) content of the document;
- e) signature of the person who drew up the document and its distribution;
- j) the date of verification of the document and the signature of the person who verified the document and its distribution.

If conditional signs (symbols) are used in working documents, then such signs (symbols) must be explained.

For example:

- √ - the correctness of the information has been checked;
- ! - the information is confirmed by the bank;
- ? - external confirmation of information should be obtained;
- * - the reference was discussed with the management of the company;
- F - information confirmed by an expert's opinion.

In practice, audit organizations confirm the procedure of grouping and digitization of the auditor's working documents with internal documents in order to facilitate the use of the auditor's working documents. This procedure is mandatory for all audit assignments, where the group of documents and the direction of the documents included in this group are determined by numbers and letters.

For example:

A. Documents related to client activity:

A1- Enterprise Charter;

A2- Enterprise certificate

A3- The structural structure of the enterprise, etc

V. Audit planning documents

V1- Audit strategy;

V2- Audit plan;

V3- Audit program etc

This procedure is used both in the process of conducting an audit and, if necessary, in documenting the events that occurred after it.

The auditor is not required to include in the audit documents replaced drafts of working documents, financial statements and notes that reflect incomplete or preliminary opinions, previous drafts of documents corrected for typographical or other errors, and duplicate documents.

If the auditor discovers information that is inconsistent with the auditor's final conclusion on a material matter, the auditor should document how the conflict was addressed (IAS 230, paragraph A15).

The auditor must collect working documents during the audit and finish the administrative process of collecting the audit file in a timely manner after the date of the audit report (summary). (paragraphs A21–A22).

After the completion of the final audit file, the auditor shall not delete or dispose of audit documents of any nature before the expiration of their retention period.

(paragraph A 23). In cases other than those mentioned in paragraph 13 of AXS No. 230, when the auditor considers it necessary to change the existing audit documents or add new documents to it after the formation of the final audit file is completed, the auditor should document the following, regardless of the nature of the changes or additions: (Paragraph A24)

- (a) specific reasons for their implementation; and
- (b) when and by whom they were carried out and reviewed.

CONCLUSION

In the auditing practice, some errors may be made in the preparation of the auditor's working documents during the various processes of the audit. For example:

- ✓ Tables and drawings do not indicate the sources from which the information was obtained;
- ✓ lack of explanations for used abbreviations, symbols and conventional signs;
- ✓ weak logic in the information given in the text part of the working document;
- ✓ Arithmetic errors were made in the calculations presented in the working document;
- ✓ the existence of cases of non-agreed corrections and redactions in working documents;
- ✓ the fact that one conventional sign is used in different contexts in different contexts;
- ✓ low quality of photo and xerox copies of documents, etc

The quality and completeness of the working documents of the auditor allows him to give a correct and reasonable opinion on the financial statements of the audited object.

LIST OF USED LITERATURE

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