

IMPROVEMENT OF THE METHODOLOGY OF AUDIT REPORT

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ABSTRACT

The purpose of this article is the correct application of analytical procedures and transparent preparation of audit reports in solving problems arising in the study of financial statements of economic entities and generalization of verification processes. In addition, suggestions and recommendations were developed to improve the classification of audit evidence according to the level of reliability in the compilation and preparation of audit reports, and the improvement of the use of analytical procedures in the collection and summarization of audit evidence. The process of issuing audit conclusions that increase the level of reliability of financial statements and applying the requirements of international standards of auditing on the structure of these conclusions is explained in the audit.

Keywords: audit report, audit opinion, audit evidence, analytical procedures, international auditing standards, external confirmation, related parties.

INTRODUCTION. In the conditions of modernization of the economy, the scientific and methodological provision of the preparation of audit reports and conclusions as a result of conducting an external audit of the financial statements of economic entities and summarizing the results is gaining special importance. In order to attract foreign investors, business entities are usually required by foreign investors to have their published financial statements audited by an independent auditing organization and to submit them together with an audit report. Therefore, there is a need to use international audit standards to formalize the results of the audit of financial statements in our country and to confirm that they are prepared in

accordance with the relevant international standards of financial reporting. Especially in the period after the global financial and economic crisis, the demand for auditing services and attention to its quality is increasing.

The results of the audits are summarized, the audit report and the final result are formalized with the auditor's conclusion. From this point of view, first of all, there is a need to clarify the concepts of audit report and opinion and distinguish them from each other.

EXPERIMENTAL METHODS. Economic analysis and statistical methods, such as analysis of research conducted by the world's leading foreign and domestic scientists, grouping by subject, monographic observation, are used to reflect the recognition improvement of the methodology of audit report.

RESULTS AND DISCUSSION. In the following years, due to the changes in auditing activities, in addition, in connection with the changes in the international standards of auditing and quality control, these ideas were further developed and their modern interpretations appeared.

In the current modern interpretation, the audit report includes the following elements:

- a) name ("Audit opinion" or "Audit organization report": both names have equal rights);
- b) the addressee's name;
- c) entrance part;
- d) recording part;
- e) final part;
- f) the date of issuing the audit opinion;
- g) address of the auditing organization;
- k) signature of auditors and the head of the audit organization.

Based on the above concepts, in our opinion, the general concept of the audit opinion should be as follows. The auditor's report is a public document that confirms the compliance of financial reporting indicators or information obtained in

accordance with other requirements of the audit with accounting indicators. The main focus is on the general idea. This audit opinion serves as the basis for publishing the financial report [2].

The issue of gathering audit evidence for issuing an audit opinion and giving an opinion on it is becoming particularly important. Because audit evidence is the accounting data collected by the audit organization during the audit and which substantiates the audit conclusion, balances of analytical accounts, initial documents and summary registers, information collected by another auditor.

The concept of audit evidence refers to the information collected in the course of the audit and the information obtained in addition to the accounting information, the evidence that is the basis for the preparation of the financial report, clear or uncertain, or misinterpretation of the facts, based on which the judgment accepted by the auditor may change, or unclear or incorrect facts. causes the possibility of influence [4].

International Standards on Auditing (ISA) No. 500 "Audit Evidence", No. 501 "Audit Evidence - Special Consideration of Certain Matters", No. 505 "External Evidence", No. 510 "Preliminary Audit Engagements - Opening Balances" ", No. 520 "Analytical Procedures", No. 530 "Auditor Sampling", No. 540 "Calculated estimates, including fair value estimates and related disclosures", No. 550 "Related parties" and No. 580 "The standards "Information provided by management" are used [3]. In these standards, the auditor must obtain appropriate audit evidence in order to form a reasonable opinion, these indicators serve as the basis for the auditor's opinion. Audit evidence collected to support financial statements includes source documents, accounting records, and information obtained from other sources.

Currently, in the Republic of Uzbekistan, the International Auditing Standards (IAS) No. 500 "Audit evidence" standard [1] has been adopted, in which it is defined that audit evidence is the information (information) collected by the audit organization during the audit and which substantiates the audit conclusion.

The peculiarity of the international standard of auditing is that specific aspects of gathering audit evidence are revealed in the process of auditing. In this, we can see

that the following concepts and relevant interpretations are given in terms of auditing branches.

Table 1

Analysis of notes on audit evidence⁵

#№	Name of audit evidence	Notes and explanations
1.	Accounting records	Initial accounting transfers (provodkas) and supporting documents, such as payment orders, statements of electronic money transfers, invoices, contracts, general ledger and analytical accounting books, transfers recorded in journals and not reflected in transfers recorded in journals, to the financial statements other adjustments, cost allocation calculations and summary tables, records, data reconciliations and disclosures, etc.
2.	Appropriateness of audit evidence	A measure of the quality of audit evidence, that is, the appropriateness and reliability of the evidence in providing support for the conclusions that form the basis for the auditor's opinion.
3.	Audit evidence	Information used by the auditor in reaching the conclusions that form the basis for the audit opinion. Audit evidence consists of accounting records and other information that form the basis of financial statements.
4.	Adequacy (in terms of audit evidence)	A measure of the amount of audit evidence. The amount of audit evidence required is affected by the auditor's assessment of the risks of material misstatement in the report and the quality of such audit evidence.

The explanations and comments presented above serve to clarify the audit evidence. Accounting information, audit evidence and their adequacy were assessed. These evidences form the basis of the audit.

In our opinion, we can divide them into certain groups according to the level of

⁵ Made by author

reliability of audit evidence. In this case, it is important to evaluate the reliability of the audit evidence and the reliability of the source indicators [6,7].

First of all, audit evidence obtained from external sources (such as confirmation obtained from a third party) is more reliable than that obtained from internal sources. If the existing system of accounting and internal control is working effectively, the audit evidence obtained from the accounting documents is reliable.

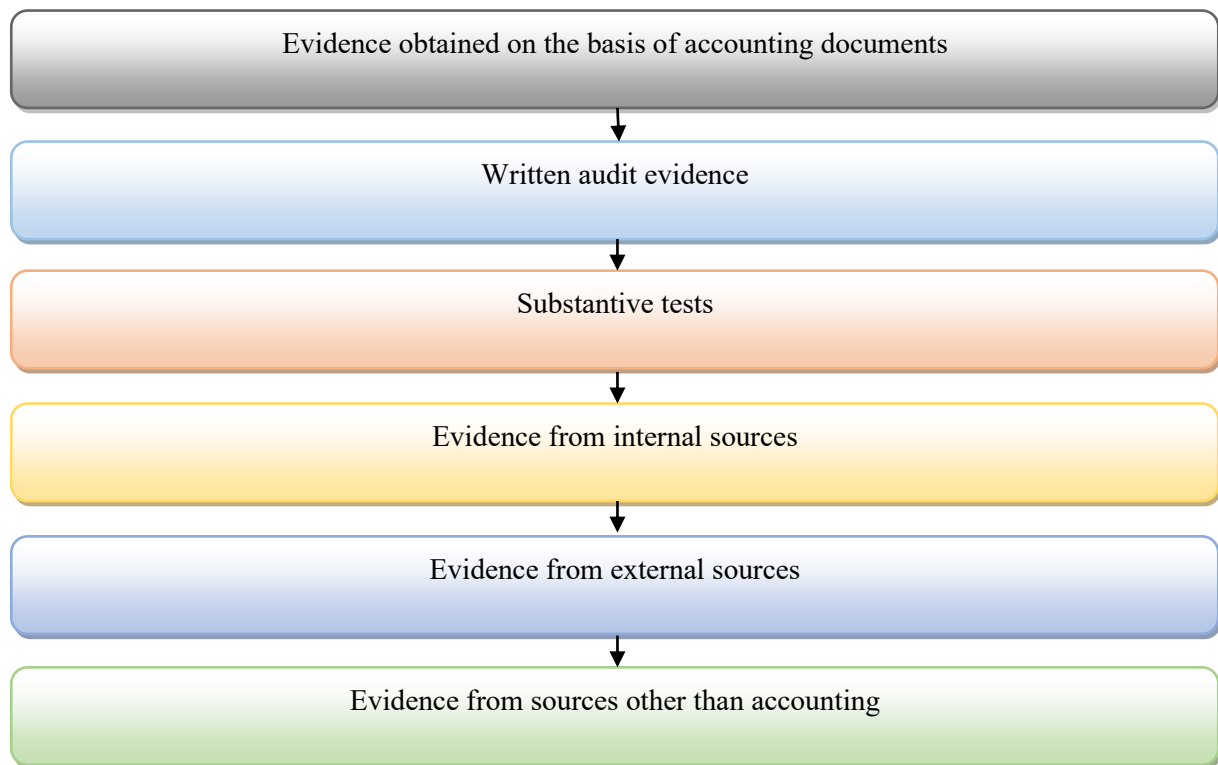


Figure 1. Types of audit evidence⁶

First of all, audit evidence obtained from external sources (such as confirmation obtained from a third party) is more reliable than that obtained from internal sources. If the existing system of accounting and internal control is working effectively, the audit evidence obtained from the accounting documents is reliable. Audit evidence collected directly by the auditor is more reliable than audit evidence obtained from the entity. Written audit evidence is more reliable than oral evidence. Of course, the auditor evaluates the reliability of information obtained from one source by comparing it with information obtained from another source. For example: by

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