

EFFECTIVE RESULTS OF APPLYING ANALYTICAL PROCEDURES IN AUDITING

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ARTICLE INFO.

Key words:

Analytical operations, financial reporting, reporting items, horizontal analysis, vertical analysis, alternative balance, relative indicators, audit evidence gathering operations, planning operations, audit selection.

Annotation:

It is no coincidence that the main tool for ensuring the stability of the economy is audit activity. Because "one of the main features of the market mechanism is the strict observance of the law and contract discipline among the entities conducting business activities on the basis of their economic responsibility and complete economic independence." These aspects are not always done correctly. In order to prevent this, the activity of the auditor's activity, that is, the performance of analytical actions, is required. Through this article, it is appropriate to dwell separately on the specific aspects of audit practices and the collection of audit evidence.

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Analytical activities are the analysis of significant coefficients and trends, including deviations and correlations that are inconsistent with other relevant information derived from them or differ from prospectively determined amounts.

It is necessary to widely apply auditing criteria and standards in order to gather sufficient audit evidence and audit analytical actions. The purpose of the standard is to determine the norms used by the audit organization in the performance of analytical activities.

Analytical procedures are extensively discussed in the International Standards of Auditing, and a separate section titled Analytical Procedures No. 520 has been allocated. According to it, analytical operations are used for the following purposes:

- to assist the auditor in planning the description, timing and scope of other audit activities;
- substantive procedures that are more efficient and reasonable to use than detailed tests when the risk of undetectability of specific financial statement assertions is reduced;
- It is necessary to widely apply auditing criteria and standards in order to gather sufficient audit evidence and audit analytical actions.

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Analytical procedures are extensively discussed in the International Standards of Auditing, and a separate section titled Analytical Procedures No. 520 has been allocated. According to it, analytical operations are used for the following purposes:

- to assist the auditor in planning the description, timing and scope of other audit activities;
- substantive procedures that are more efficient and reasonable to use than detailed tests when the risk of undetectability of specific financial statement assertions is reduced;
- The auditor should consider the issue of conducting control tests, if available, in the preparation of data used in the application of analytical procedures.

If such control is effective, the auditor will have more confidence in the reliability of information and, consequently, in the results of analytical operations. In most cases, controls over non-financial reporting can be tested in conjunction with accounting controls. For example, the control over the processing of invoices for the goods sold by the entity can also cover the control over the accounting of the unit of the sold product. In such situations, the auditor may perform control tests on the account of units sold together with control tests on the processing of invoice items related to goods sold.

It is necessary to select materials for testing in order to collect audit evidence. For this purpose, during the development of audit activities, the auditor should determine the appropriate methods of extracting substances during testing. These methods include:

- extraction of all substances (100% verification);
- extraction of clearly defined substances;
- audit selection.

Deciding which approach to use depends on the circumstances, and in certain situations it may be appropriate to use one or more of the above methods. Although the decision to select one or more methods is based on audit risk and reasonable audit, the auditor must be satisfied that the methods used are effective in providing sufficient audit evidence to meet the test objectives. It should not be overlooked that it is important to consider the risk in obtaining audit evidence.

Because, in the process of obtaining evidence, the auditor needs to proceed from the professional considerations necessary to assess the audit risk and develop audit actions aimed at reducing the risk to an acceptable low level.

International standards of auditor activity, known as "Analytical operations" - No. 520 KAS, are considered to be the regulatory basis for the application of analytical operations in the audit of financial statements. Based on this standard, the analytical activity includes:

- comparing the indicators of the economic entity's financial reports with its planned indicators;
- comparing the actual indicators of financial statements with the forecast indicators set by the auditing organization;
- comparing the indicators of the financial report with the indicators that are not part of the financial report;
- comparing the indicators of the financial report with the current legislation and regulatory documents or the regulatory documents determined by the economic entities themselves;
- comparing the indicators of the financial report with the average data of the network;
- analysis of changes in financial reporting indicators over time and the relative coefficients associated with them.

The type of analytical operations depends on the purpose of conducting them, the possibility of

obtaining the information necessary for conducting them and its compatibility with it, and the type of activity of the economic entity.

When comparing the actual indicators of the financial report of the economic entity with the plan established by it, the audit organization:

- Evaluation of the planning methodology used by the economic entity;
- According to the plan indicators, it is necessary to make sure that the financial indicators of the reporting period have not been changed by the client.
- When comparing the actual indicators of the financial report with independently determined forecast indicators, the audit organization determines its assumptions based on established principles.

Calculation of various types of coefficients and percentage ratios on the basis of reports and normative indicators is effective.

Selection of coefficients, methods of their calculations and calculation time periods are carried out in accordance with regulatory documents.

Methods of identifying possible risk areas:

- Analysis of relative indicators of the current period;
- Analysis of changes in relative indicators calculated for the economic entity in different periods;
- Comparison of changes of several types of relative indicators.

If the auditor uses the method of comparing the data of the financial report of the economic entity with the data that is not part of the financial report (non-accounting data), the auditor must make sure of the accuracy of the used non-accounting data.

In the process of comparing the factual indicators of the report with the data of previous periods, the audit organization determines the areas of possible risks at the stage of planning the audit. Common methods for identifying potential risk areas include:

- Comparison of accounting balance items and analysis of significant changes in them;
- Analysis of changes in substances compared to changes in other substances. In this case, the potential risk area is determined when the change in one indicator does not correspond to the change in another indicator due to its economic nature.

The use of analytical procedures is based on the existence of a cause-and-effect relationship between the analyzed indicators.

The goals of analytical operations are to determine the presence or absence of unusual or incorrectly reflected facts and results that determine the area of possible risks of economic activity, to study the activities of the economic entity, to determine the facts of financial reporting violations, to reduce the number of detailed audit activities. , is to provide a test in order to get answers to the questions that have arisen. Analytical operations can be applied both to the consolidated financial statement and to the structural units allocated to a separate balance sheet. The reliability of the results of analytical operations depends on the auditor's correct assessment of the level of non-detection risk, internal economic risk and control risk.

of importance of balances on the account under consideration for the reliability of analytical operations; results of other analytical operations directed to the same inspection object; difference amounts of indicators used in performing analytical operations; non-accounting data are the influencing factors in the performance of analytical operations.

Analytical operations can be carried out in the following forms to confirm the truthfulness of financial

statements of economic entities:

- in the horizontal analysis, the indicators representing the financial situation in the reporting period are compared with the previous period, that is, the dynamics of these indicators are determined;
- in the vertical analysis, the structural structure of the indicators related to the financial situation is studied. For example, the composition of the company's funds or their covering sources during the reporting period and the change compared to the previous period are expressed;
- in the analysis of relative indicators, the relationship between the indicators of the financial condition is studied. For example, the connection between the company's funds and their sources, the connection between financial resources and their use is expressed;
- in the comparative analysis, the financial situation of the enterprise is compared with the financial situation of its separate departments, the financial situation of this enterprise is compared with the financial situation of other enterprises, and in the factor analysis, the factors influencing the financial situation of the enterprise are analyzed.

Analytical procedures are also based on the performance of the entity, such as the percentage ratio of gross profit, between elements of financial information that are expected to be consistent with the prospective sample and financial information and information that does not have a financial description, respectively, for example, looks at the relationship between payroll costs and headcount.

The auditor should consider the issue of conducting control tests, if available, in the preparation of data used in the application of analytical procedures. If such control is effective, the auditor will have more confidence in the reliability of information and, consequently, in the results of analytical operations. In most cases, controls over non-financial reporting can be tested in conjunction with accounting controls. For example, the control over the processing of invoices for the goods sold by the entity can also cover the control over the accounting of the unit of the sold product. In such situations, the auditor may conduct tests of controls on the accounting of units sold together with tests of controls on the processing of invoice items related to goods sold.

In order to collect audit evidence, it is necessary to select substances for testing. For this purpose, during the development of audit activities, the auditor should determine the appropriate methods of extracting substances during testing. The international standard of audit activities known as "Audit selection and other selection operations of testing" - No. 530 is considered as the regulatory basis for the use of analytical procedures in the audit of financial statements. Based on this standard, the analytical activity includes:

- comparing the indicators of the economic entity's financial reports with its planned indicators;
- Comparison of the actual indicators of financial reports with the forecast indicators set by the auditing organization;
- comparing the indicators of the financial report with the current legislation and regulatory documents or the regulatory documents determined by the economic entities themselves;
- comparing the indicators of the financial report with the indicators that are not part of the financial report;
- comparing the indicators of the financial report with the average data of the network;
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The use of analytical procedures is based on the existence of a cause-and-effect relationship between the analyzed indicators.

The goals of analytical operations are to determine the presence or absence of unusual or incorrectly reflected facts and results that determine the area of possible risks of economic activity, to study the activities of the economic entity, to determine the facts of financial reporting violations, to reduce the number of detailed audit activities. , is to provide a test in order to get answers to the questions that have arisen.

As a result of the application of analytical procedures, the auditor can better understand the client when planning the audit and determine the level of risk in the audit by checking the accounting balances, reduce the number and size of other audit activities, help the auditor to form a well-founded, careful opinion during the audit, and additional audit activities perform a thorough examination of the existence of financial problems that may reveal demanding audit areas. Analytical activities are performed during the entire audit process.

One of the controversial situations in the audit is that in the assessment of internal control over the audit of financial statements, both the international audit standard and the national standard are evaluated by the auditor based on his professional judgment. In our opinion, when evaluating this process, if the test is conducted through a questionnaire, it would be appropriate to express the number of positive questions by the ratio of the total number of questionnaires. In this case, if:

- if the amount of positive answers is between 40-60% of the total answers, then the level of the internal control system is rated as medium;
- if the amount of positive answers is less than
- 40%, then the internal control system is evaluated as low;
- if the number of positive answers exceeds 60%, then the internal control system is rated as high.

Correct assessment of the financial and economic activity of enterprises allows to ensure the stability of their financial situation by determining the available internal economic opportunities for increasing profit indicators.

The use of economic analysis as an audit tool can be used to increase the effectiveness of audits in economic entities.

For this reason, analytical practice is of great importance in the qualitative audit of financial statements of economic entities.

Analytical activities allow the auditor to conduct an audit in a comprehensive manner and to identify problems related to the company's activities and, accordingly, to develop reasonable proposals for the client. The effectiveness of analytical operations largely depends on the correct selection of methods, determining the composition of indicators and the sequence of conducting the analysis. At the same time, analytical operations can be used for economic analysis of large deficits, costs and losses, inventory work, and the effectiveness of the internal audit service.

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