

FEATURES OF GATHERING EVIDENCE ABOUT THE RELIABILITY OF FINANCIAL STATEMENTS

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Annotation

This scientific thesis is devoted to the issues of collecting audit evidence and forming an auditor's opinion based on it. It describes the quantitative and qualitative characteristics of evidence, the description of the evidence collected at the stages of the audit, the important audit evidence selected for the important objects of the account, and the procedure for performing the evidence collection.

Keywords: Auditory evidence, oral evidence, written evidence, mixed evidence, sufficiency of evidence, relevance of evidence, persuasive evidence.

Introduction

In the world's research, the theoretical foundations of the audit evidence collection process, the current state of the audit evidence collection process, and directions for its improvement are scientifically substantiated. However, in foreign research, the description of the procedures and methods of collecting audit evidence, the procedure for ensuring the reliability and sufficiency of evidence in the audit and its assessment, the procedure for collecting audit evidence and its improvement, the features of collecting audit evidence based on modern software capabilities, the issues of assessing the continuity of the enterprise's activities based on evidence, and the use of external confirmation in collecting reliable evidence have not been studied in detail, which indicates the relevance of conducting in-depth scientific research in this regard or that the issues on this topic have not yet been resolved. The above issues require the research of the processes of collecting audit evidence based on international standards and advanced foreign experience, confirming the reliability and adequacy of evidence based on

external sources, and evaluating the continuity of activity based on evidence.

Literature review

The essence, importance of audit evidence, and the issues of its collection and use are covered in current regulatory documents and scientific works with different content and approaches. In particular, the current international auditing standard No. 620 “Using the work of experts engaged by the auditor” covers the procedures for collecting audit evidence with the help of experts. The scientific works of economist Robertson “describe the “scanning” method in the processes of collecting audit evidence” [1].

As another leading Uzbek economist M.M. Tolahodjaeva emphasizes, “audit evidence must be relevant and sufficient. The relevance of evidence is its importance for solving a specific problem, and sufficiency is determined in each specific case, based on an assessment of audit risk and the internal control system. In any case, the auditor must be fully confident that sufficient evidence of the necessary quality has been collected to form a fair and reasonable conclusion” [2].

Another economist, G.Ya. Ostaev, in his scientific article “Peculiarities of collecting audit evidence”, “cited the following sources of obtaining audit evidence:

- internal evidence obtained through information directly provided by the audited entity;
- external evidence obtained from third parties at the request of the audit organization;
- mixed evidence based on the auditor’s studies, confirmed information from the audited entity and third parties” [3].

Another approach to the division of evidence was put forward by R.P. Bulga, who, in his opinion, “the interrelationship of evidence is measured by the presence of specific facts in reality confirming them” [4].

In this regard, Yu. Kochinev emphasizes that “audit evidence is understood as the results of analyzing information obtained during the audit from various sources (the accounting records of the audited entity, its employees and third parties), and on this basis the auditor forms an audit conclusion on the reliability of the financial statements of the audited entity” [5].

The scientific works of economists Sheremet and Suyts discussed “sources

of audit evidence” [6]. The works of economist Pankova studied “the issues of grouping the evidence collected during the audit into groups according to certain characteristics” [7].

Also, the research results of Uzbek economists Ismanov and Masharipov “studied the issues of using audit work documents as evidence in internal audit processes” [8].

It should be noted that although the above studies provide general views on the topic, the issue of disclosing the essence of audit evidence and its collection has not been studied as a separate scientific research object and a holistic system. This situation requires comprehensive scientific research on this topic.

Analysis and results

Today, one of the main requirements for providing audit services in accordance with international standards and advanced foreign experience is the formation of an audit opinion based on reliable and sufficient evidence. As a result of the research, it became known that in the normative legal documents and educational literature regulating the actual audit activity, the units of measurement of audit evidence, in particular, the content of their quantitative and qualitative units of measurement and the criteria for their determination, have not been revealed. In our opinion, the fact that the evidence is determined according to the quantitative and qualitative units of measurement based on the measurements presented in Figure 1 means that they can be used as evidence in investigations.

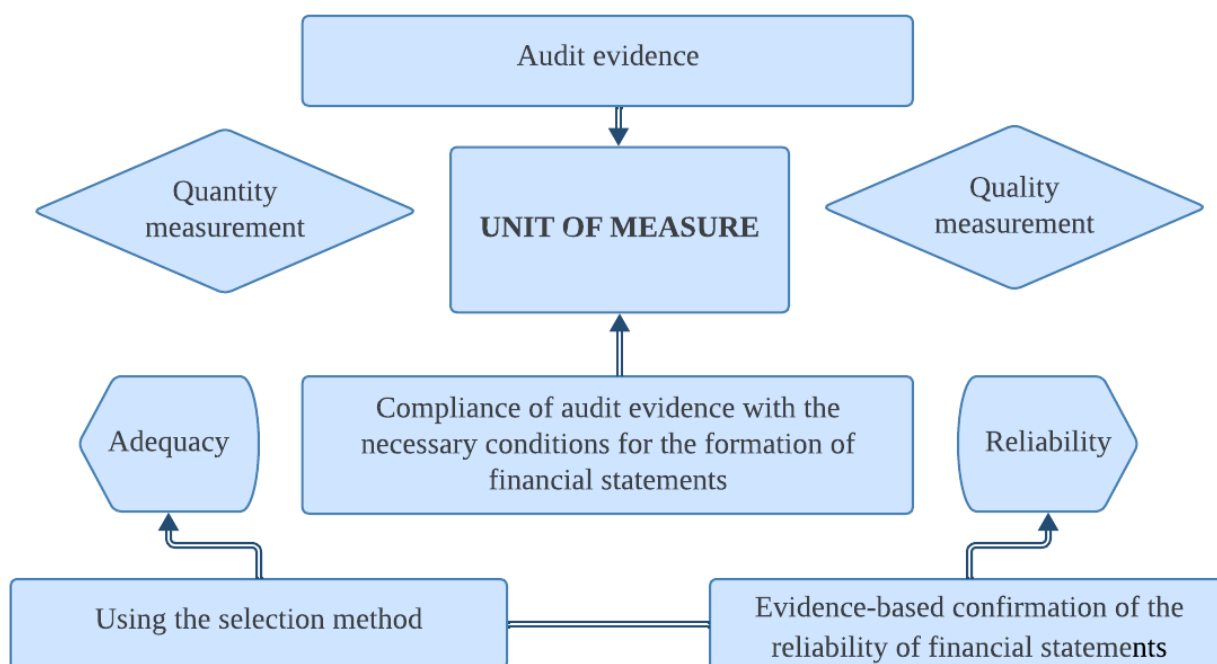


Figure 1. Quantitative and qualitative signs of evidence¹

In our opinion, the reliability of evidence means that it has qualitative characteristics confirming its compliance with the requirements of current regulatory documents, its correspondence to objective (actually implemented) data and its correctness. It should be emphasized that when ensuring the reliability of evidence, it is necessary to clarify whether the information from different sources on it does not contradict each other in content. If there are two or three pieces of evidence that contradict each other, it is advisable to study the reliability of this evidence by comparing them with evidence from other independent sources or by requiring additional evidence from the audited entity substantiating the contradicting information. As is known, the results of the audit service and its opinion should be formed based on certain sources and grounds. The auditor's opinion on such sources and grounds, as well as on the results of the audit, is called evidence in practical and scientific language. Audit evidence is collected and used in auditing practice in accordance with the current International Standards on Auditing, namely 500 "Audit Evidence", 501 "Audit Evidence - Special Considerations of Certain Items", 505 "External

¹ Prepared by the author.

Confirmations”, 510 “Initial Audit Engagements - Opening Balances”, 520 “Analytical Procedures”, 530 “Audit Sampling”, 540 “Estimates, Including Fair Value Measurements and Related Disclosures”, 550 “Related Parties”, 560 “Subsequent Events”, 570 “Going Concern” and 580 “Written Statements”. The meaning of the term audit evidence has various meanings and approaches in current regulatory legal acts, educational literature and conducted research, including the International Standard on Auditing No. 500 “Audit Evidence” defines audit evidence as follows: “Audit evidence is information used by the auditor to reach conclusions that form the basis for the auditor’s opinion. Audit evidence consists of accounting records and other information that are the basis for the financial statements” [9].

The essence of the main problems in auditing with regard to audit evidence is that in practice, there are various risks in the process of substantiating the quantitative sufficiency and substantive suitability of evidence, and there are cases when the auditor encounters problems in reducing or correctly assessing them. We will consider the process of studying the sufficiency, suitability, correctness and completeness of evidence in auditing practice based on the following table (Table 1). The documents listed in Table 1 below are used as audit evidence in the process of assessing the legality of transactions carried out in the enterprise and the reliability of financial reporting indicators.

Table 1 Evidence collected during the stages of the audit²

№	Name of the stages of the audit	The name of the documents collected and compiled as evidence by the auditor
1	Audit planning	General audit plan, audit program, audit contract, information on the provision of audit services, request for documents, company charter, company license, organizational and management documents of the audit organization and auditors (charter, audit qualification certificates)
2	Inspection phase	Specially developed tests, a list of sample questions, special forms and checklists to determine the opinions of managers and accounting staff; flowcharts and graphs, list of deficiencies, minutes or acts, order on accounting policy, general audit plan, audit program, audit risk and materiality determination table, tests or questionnaire, order on the inventory commission, comparison register and inventory act, receipts and explanatory letters, AV1-AV9 forms and purchase and

² Муаллиф томонидан тайёрланган

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		sale contracts, depreciation calculation register, journal order No. 13, calculation documents, test or questionnaire, interim audit report, test or questionnaire, interim and general audit report, acceptance and delivery reports (waybill), deregistration acts, deregistration acts of motor vehicles, inventory cards, waybills, contracts, M-2 power of attorney, M-4 receipt order, M-11 application-waybill, M-17 registration boxes, products (works, services) delivery contracts, bills of lading, settlement reconciliation reports, protocols for accounting of mutual claims, bank statements, payment orders, collection orders, checkbooks and checkbooks, letters of credit, constituent documents, minutes and resolutions of meetings of shareholders (members of the company) , consignment notes for sending products (goods), delivery and acceptance certificates, warehouse registration cards for goods and finished products, price lists, customer orders, contracts for the supply of raw materials and materials (goods), purchase of raw materials and materials (goods) Bills of lading, acts of delivery and acceptance of works and services, warehouse registration cards for goods and finished products, bills of lading for the release of materials and raw materials for production, interim and general audit reports and other primary accounting documents.
3	Final stage	Auditor's conclusion (report), reference on deficiencies identified during the inspection and other documents.

Audit methods and procedures used in the audit process are determined based on the importance of the evidence to be obtained and their reliability. In this case, if the evidence to be examined is not the results of the work of the responsible persons of the enterprise, but of an expert-specialist brought to the enterprise from outside, the powers of this expert, aspects related to the activities of the enterprise under audit, and aspects of his impartiality should be studied. When using information on the activities of the entity under audit in the audit process, it is necessary to study in detail whether this information reflects the content of the transactions actually carried out, and whether it is suitable for the purposes of the object under audit. In order to ensure reliable and short-term receipt of evidence during the audit process, it is advisable to use various questionnaires or testing procedures.

Conclusions and suggestions

As a result of the study of the issues of collecting reliable, sufficient and appropriate audit evidence, the following conclusions were formed:

If the evidence is obtained from written official sources, its reliability, that

is, its value, is considered higher than that of oral and other forms. It is also required that the process of collecting audit evidence meet such criteria as relevance, reliability and validity.

A reliable audit conclusion is formed on the basis of audit evidence, and the effectiveness of the evidence collection process is directly proportional to the characteristics of the activities of the audited entity, the terms of the audit agreement concluded, and the auditors' attitude to the work.

Audit evidence should be studied on a selective basis in accordance with its importance and relevance to the object under study, the content of the regulatory legal acts relating to them, and the methods and procedures used. To ensure the complete and reliable formation of the auditor's opinion, the evidence must be reliable, relevant in content and quantitatively sufficient. To gather reliable evidence, it is necessary to analyze it based on data from various sources and entities, including obtaining official confirmation from third parties or other external sources, and identifying discrepancies between the entity's accounting data and data from external sources.

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