

## ISSUES OF COLLECTING AUDIT EVIDENCE IN ENTERPRISES

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**Abstract:** The article describes the procedure for collecting evidence in the process of conducting an audit of enterprises by auditing organizations, as well as the issues of its reflection in the report.

**Key words:** audit, evidence, audit activity, audit evidence, accounting, audit conclusion, audit report.

The transition of the economy to market relations requires a wide application in the organization of audit activities in our republic. Because, in addition to state and joint-stock enterprises, joint-stock companies of various forms of ownership, limited liability teams, small, rental, joint ventures, commercial banks are being established and operating. . According to the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 198 of 1996 "On strengthening financial control and applying audit forms of financial control to economic life", audit should be an important direction of control. Jakhan's economic crisis proved once again that the audit is a more important support for the economy.

In order to conduct a quality audit of the company's activities in the economic crisis, it is necessary to have enough information. If the amount of information is less than the required level, it does not allow to have a complete impression of the reality being studied and to draw accurate conclusions about it. According to the "Audit evidence" model of the international auditing standards, the auditor must gather enough documentary evidence to make a reasonable opinion about the financial report.

The following factors can affect the quality of audit evidence:

- a) level of risk of providing false information
- b) the level of materiality of the item in the financial information;
- c) experience gained in previous audits;
- d) the results of the audit, fraud and errors that can be identified;
- e) type of information

The stronger the influence of these factors, the lower the corroboration of audit evidence and vice versa. Evidence obtained as a result of the auditor's direct observation and study of financial transactions is the most reliable. Also, information from independent sources, based on documents, is also reliable. Despite the fact that it is collected from the information processing system of the client's enterprise, the evidence obtained and processed by the auditor based on the collected data is considered less powerful.

Auditors gather evidence when performing audits. An audit procedure is a specific procedure and sequence of work performed by an auditor to obtain

evidence in a specific audit area. The auditor independently decides what audit procedures are necessary to gather evidence and when to perform them during the preparation of the audit program. In accordance with the national standards of audit activity of the Republic of Uzbekistan, the auditor must collect sufficient evidence based on the following:

1. inspection of internal controls;
2. checking the correctness of the reflection of account balances and transactions in accounting;
3. analytical operations.

Verification of internal control tools for compliance allows auditors to collect evidence about the effectiveness (inefficiency) of activities and actions provided for in the internal control system.

A detailed examination of the correct reflection of account balances and transactions in accounting involves studying to determine the content and errors of certain transactions. A detailed examination is usually carried out by the auditor by forming a selection set, taking into account the purpose of the examination, the planned scope of the selection and the selection of its objects.

Analytical operations are intended to determine important financial and economic indicators of the client's enterprise, unexpected and incorrectly reflected economic transactions in accounting, as well as to determine the causes of such errors and confusion.

Collected audit evidence should be reflected in the working documents of the auditor in the form of notes, reports, tables and forms on the study and assessment of the establishment of accounting and the internal control system. It is necessary to reflect the results of planning and execution of audit actions in working documents. Substantial audit procedures and analytical procedures are used to obtain sufficient and persuasive evidence. It is necessary for the auditor to reflect in the program a detailed description of the audit procedures used in checking certain sections of the accounts and reports. In this case, it is possible to use pre-developed approximate lists that reflect the content of the actions used in the verification of certain transactions. The auditor observes how this or that economic transaction is formalized with documents, as well as control over the sequence of reflecting such facts in the account registers. This allows us to assess compliance with accounting procedures, as well as the state of internal control. Confirmation is used as audit evidence to obtain information about the accuracy of balances in accounts and currency accounts, accounts with suppliers, buyers, customers, various debtors and creditors.

According to AFMS No. 50: "the audit organization must obtain written audit evidence from independent (third) parties confirming the truthfulness of the information on funds, accounts, balances of receivables and payables accounts."

Balances in checking and currency accounts are confirmed by bank statements, and the authenticity of receivables and payables is confirmed by reconciliation statements. Requests are sent to various organizations to obtain the necessary information confirming the status of accounts, terms of sales and the like.

Requests for confirmation of data are prepared on behalf of the management of the client enterprise, in which a confirmation response is requested to be sent to the auditing organization. Thus, the audit organization receives a written confirmation of the request sent by the client-enterprise to a third party to confirm the information.

If necessary, the audit organization may also directly contact the requested third party for confirmation.

If the audit organization receives a negative response or no response at all, then the client needs to apply additional audit procedures to clarify the veracity of the company's information. Taking into account the verbal description of this information from one source, the auditor cannot rely on the conclusion, that is, it is necessary to gather additional evidence. In the course of the audit, it is possible to talk with the direct performers (managers, materially responsible persons, accountants, etc.) and determine whether the job instructions have been delivered to the specific performers, and at the same time get additional evidence about the reliability or superficiality of internal control.

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