World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 28, November, 2023
ISSN: 2749-3628,

AUDIT AS A FACTOR IN BUSINESS EFFICIENCY

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Article history:

Received: 14th September 2023
Accepted: 14th October 2023
Published: 17th November 2023

Abstract:

This article covers the issue of financial statement auditing. Civil law, administrative and economic law, and accounting are used to conduct the audit. As a consequence of this research, numerous approaches to the definition of the notion of "audit" have been investigated, as well as the primary goals and objectives of the audit have been clarified.

Keywords: Audit, Audit Operations, Audit Goals, Governance, Monetary Reporting.

Currently, the growth of entrepreneurship is being accompanied by an increase in the use of accounting information in the fields of management, control, and analysis of entrepreneurial activity. As a result, an audit is required. An audit is an impartial examination and expression of opinion on a company's financial accounts.

Conducting an audit, even if it is not required, is unquestionably necessary. Enterprises, credit institutions, and other economic entities enter into contractual relationships in market circumstances for the use of property, finances, performing commercial transactions, and investing. The capacity of all transaction parties to obtain and use financial information should promote the dependability of these connections. An independent auditor confirms the accuracy of the material.

Owners and, in particular, collective owners - shareholders, shareholders, and creditors - are unable to independently verify that all of the enterprise's operations, which are numerous and often complex, are legitimate and correctly reflected in the reports, because they typically lack access to accounts and relevant experience, necessitating the services of auditors.

Audits are also required for governmental authorities, judges, prosecutors, and investigators to validate the accuracy of the financial figures in question.

Auditing is a much larger notion than auditing or other types of control since it includes not only assessing the veracity of financial indicators, but also developing assumptions to enhance the economic operations of firms in order to reduce costs and optimize taxes.

Audit is a unique organizational kind of control that is one of the management duties from an economic standpoint. The economic essence of audit activity is disclosed through its accounting and control functions and is reflected as confirmation of the fact of reliability of reports on the results of the audit of the audited entity's economic and financial activities, providing management advice, and improving the efficiency of the economic entity's management system. Audit activity is divided into two categories of legal and factual actions: real auditing and associated audit services. If we take audit as a legal category, then audit is a collection of legal standards that govern public relations in the field of auditing. This collection of standards, in turn, creates an autonomous, complex legal organization in which private-legal and public-legal principles coexist together. However, civil law principles serve as the foundation of this organization.

E.A. Ahrens and J. K. Lobbeck, highly qualified American audit specialists, define an audit as "a process by which a competent independent employee accumulates and evaluates evidence of quantifiable information related to a specific economic system in order to determine and express in his conclusion the degree of compliance of this information with established criteria."

Audit is an independent examination of the audited entity's accounting (financial) statements in order to provide a judgment on their dependability.

Although the notions of "audit activity" and "audit" are separated in the Law, some scientists regard them to be synonymous.

For example, Russian scientist L.I. Bulgakova proposes that audit in its broadest sense be understood as a type of entrepreneurship, the professional activity of audit organizations established as legal entities engaged in commercial activities, as well as citizens - individual auditors registered as individual entrepreneurs without forming a legal entity in accordance with the legal procedure.

However, other scientists, such as Danilevsky Yu.A., argue that audit activity is "the activity of audit firms (auditors) to carry out audits (audit) and provide other audit-related services," making a distinction between audit and audit activity.

In current legal science, the idea of "audit" is ambiguously defined and assessed if it is considered independent of the concept of audit activity. The term "audit" is often understood to mean "an independent examination of an enterprise's financial statements

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conducted by qualified specialists (auditors)." According to the dictionary of international control words, a "audit" is a review of an organization's activities and operations to ensure that they are carried out in compliance with authorized objectives, budgets, regulations, and standards. The requirement for such a review stems from the periodic detection of deviations that necessitate remedial measures throughout the auditing process.

R. Adams, an English scientist, defines audit as "an independent review of an enterprise's financial statements by a specially appointed auditor and the expression of an opinion on them in compliance with the rules established by law."

Given the foregoing, we may conclude that the term audit encompasses far more than ideas such as audit and control. The audit, as one of the forms of control, is unique in that it provides not only verification of the reliability of financial indicators, but also develops proposals for optimizing economic activities for today's client, allowing rational spending of funds, which should eventually lead to an increase in profits. It should also be emphasized that an audit is a type of business knowledge that identifies vulnerabilities and makes suggestions to eliminate them.

The primary goal of the audit is to determine the dependability of economic entities' accounting (financial) statements and the conformity of their financial and commercial operations with regulatory legislation.

During the audit of the financial accounts, adequate and relevant audit evidence should be acquired to allow the audit organization to reach reasonable judgments about:

- conformity of an economic entity's accounting with the documents and requirements of regulatory acts governing the method for accounting and financial statement preparation;
- compliance of the economic entity's financial statements with information regarding the economic entity's actions accessible to the audit organization. The judgment of an audit organization on the dependability of accounting statements can contribute to a high level of trust in these statements among people interested in information about a business.

Simultaneously, reliability is defined as the degree of accuracy of financial (accounting) reporting data that enables the user to draw correct conclusions about the results of economic activity, financial and property status of the audited entities, and make informed decisions based on these conclusions.

The auditor must certify the dependability of the published financial (accounting) statements, allowing consumers to be confident that the information risk is low. One of the audit's primary goals is to reduce the possibility of erroneous information appearing in reports.

At the macroeconomic level, audit is a component of market infrastructure, the demand for which is governed by the following factors:

- accounting statements are utilized for decision-making by its interested users, who include management, participants and owners of an economic entity's property, real and potential investors, workers and consumers, authorities, and the general public.
- accounting statements may be subject to distortions due to a variety of factors, including the use of estimated values and the possibility of ambiguous interpretation of economic facts; additionally, the reliability of accounting statements is not automatically guaranteed due to the possible bias of its compilers.
- due to the difficulty of accessing accounting and other information, as well as the multiplicity and complexity of business transactions reflected in an economic entity's accounting statements, the majority of interested users cannot independently assess the degree of reliability of accounting statements.

An audit organization is a business entity that is a member of one of the auditor self-regulatory organizations.

The distinction between auditing and auditing activities is that the latter also offers a variety of auditing services. Recently, the primary focus has been on enhancing the efficiency of the corporate management system, particularly the internal control system. The systematic method created the path for the development of high-quality audit services, as audit structures began to focus on advising rather than auditing.

Among the audit-related works and services are:

1) establishment, restoration, and maintenance of accounting records, compilation of accounting (financial) statements, accounting consultancy;

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2) tax consulting, including tax record setup, restoration, and maintenance, as well as tax computations and declarations;
3) financial and economic analysis of businesses and individual entrepreneurs, as well as economic and financial consultancy
4) management consulting, including those involving organizational transformation or privatization;
5) legal support in auditing-related areas, such as legal advice and representation of the principal's interests in civil and administrative processes, tax and customs legal interactions, state agencies, and local self-government bodies;
6) accounting automation and information technology use;
7) actions for evaluating;
8) investment project development and analysis, as well as business plan preparation;
9) carrying out research and experimental work in areas linked to auditing operations, as well as disseminating their findings on print and electronic media;
10) training in auditing-related fields.

Auditing has a wide range of purposes and objectives. Thus, the primary goals of auditing operations are:

- verifying the legitimacy of financial and commercial transactions;
- reviewing the status of accounting and reporting;
- confirmation of the dependability of the most essential reporting indicators; such as the balance sheet and financial performance report;
- analyze economic activity to find intra-production reserves;
- examining the state and efficiency of resource utilization (labor, financial, and material).

Civil law, administrative and commercial law, and accounting are all used in the audit. The audit's ultimate purpose is to examine the organization's financial position, financial stability, and creditworthiness.

As the market economy grows, competition heats up, and economic linkages strengthen, companies will become more interested in performing both required and voluntary audits. Further improvements to the legal and regulatory framework of auditing operations, as well as the training of highly trained professional audit people, would contribute to the country's audit service efficiency. Currently, the number of auditors and audit firms has reached a point where competition among auditors is possible, and economic entities can select a better competent partner. All of this will help to improve the efficiency of commercial organizations as well as the country's total social production.

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