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DIRECTIONS OF COLLECTING EVIDENCE IN AUDITS OF ENTERPRISES PROCESSING GRAIN PRODUCTS

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Abstract:

This article studies the issues of improving the methodology for collecting audit evidence at grain processing enterprises from a scientific, theoretical and practical perspective. In the course of the research, the nature, types of audit evidence, and the requirements of international auditing standards for their sufficiency and relevance were studied. The sectoral characteristics of the grain processing process, the multi-stage nature of the raw material movement, and the complexity of the calculation of technological losses were analyzed from the point of view of their impact on the process of collecting audit evidence.

Keywords: grain processing enterprises, audit, audit evidence, analytical procedures, audit conclusion

INTRODUCTION

Today, grain processing enterprises are of strategic importance in ensuring the country's food security. The diversity of activities of these enterprises, the large volume of raw material movement, the speed of inventory turnover, and the continuity of production processes place high demands on the accounting and audit system. In particular, the process of gathering audit evidence is of crucial importance in ensuring the reliability of financial statements.

LITERATURE REVIEW

Issues of gathering evidence in audits have been studied by many economists. In particular, Xing Yin said that: "audit evidence is the basis for auditors to express audit opinions and make audit conclusions. At the end of audit activities, auditors shall express audit opinions and make audit conclusions according to audit standards on whether the economic activities of the auditee are legal, compliant and reasonable, and whether the accounting materials and other materials are true and correct" [1].

According to Xiaoping Qiu "Audit evidence is the relevant evidential material and is collected by auditors during the whole auditing progress. In another words, audit work's main content and key link is collecting relevant evidences. Audit evidence is collected all relative information, include accounting and non-accounting information" [2].

A group of economists said that "Audit evidence is processed when auditors are doing financial audits. Generally speaking, audit evidence shall be both reliable and relevant. Auditors exam evidence available from various sources to decrease the probability of material misstatement and audit failure" [3].

According to B. Jovkovic "An audit examination is a carefully planned activity aimed at determining activities to be conducted during an audit engagement. The most important parameter the auditor should express while planning activities is the risk that the auditor is willing to accept in his or her engagement. It is used for defining adequate evidence-collection techniques and the implementation of the examining procedures that will lead to the achievement of the basic audit objectives" [4].

A group of economists said that "The techniques used in obtaining evidence are: inspection, observation, inquiry and confirmation, calculation control, and analytical procedures" [5].

As can be seen from the above-mentioned opinions, economists have expressed their opinions mainly about the nature of audit evidence. However, the methodological aspects of gathering audit evidence are not reflected in the above considerations.

ANALYSIS AND RESULTS

Audit evidence is a set of information collected, evaluated and analyzed by the auditor to form an audit opinion. According to International Auditing Standards (ISA 500 "Audit Evidence"), audit evidence should be sufficient and relevant.

Sufficiency refers to the quantity of evidence, and relevance refers to its quality. In enterprises processing grain products, audit evidence is mainly formed from the following sources:

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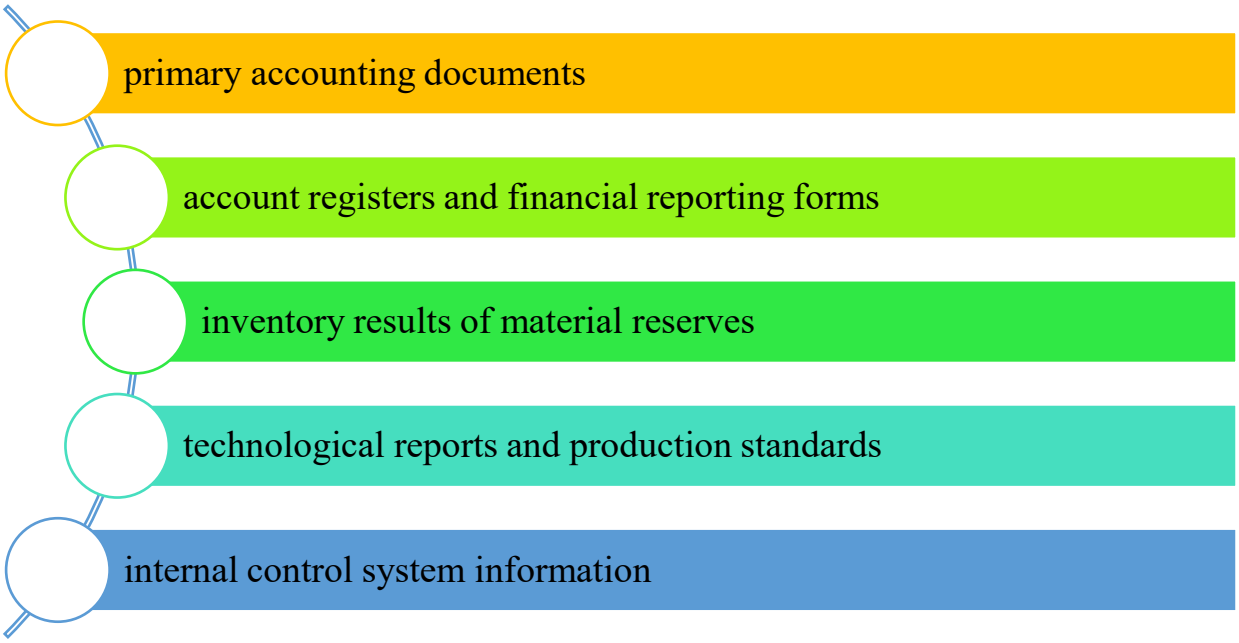

Figure 1. Sources of audit evidence in grain processing enterprises[1]

When collecting audit evidence, the auditor must rely on professional judgment and ensure the reliability of the evidence. From this point of view, the form of evidence (written, physical, analytical), source (internal or external) and method of obtaining it (inspection, observation, recalculation) are of great importance.

Auditing in grain processing enterprises is distinguished by a number of specific features. First of all, the movement of grain and flour products is one of the high-risk areas, since natural losses, moisture changes, storage conditions and the processing process have a significant impact on financial results.

When collecting audit evidence, it is advisable to pay special attention to the following areas:

reliability of documents on the receipt and expenditure of raw materials;

compliance with product release standards;

correct organization of warehouse accounting;

justification of product costing;

debtor and creditor debt status.

In these enterprises, factual verification methods (inventory, measurement, recalculation) are of great importance in collecting audit evidence. Since relying only on documents may not fully reflect the movement of grain products.

The weakness of the internal control system reduces the quality of audit evidence and necessitates the implementation of additional audit procedures. Also, the assessment of the possibility of falsification associated with the human factor as a very high risk indicates the need to use special audit methods aimed at identifying fraud in this area.

Document verification and analytical procedures mainly serve as a general assessment of financial reporting indicators and may be insufficient to independently form sufficient audit evidence. Therefore, it is advisable to use these methods in conjunction with factual verification methods.

Although survey and interview methods are important in assessing the internal control system, they must be confirmed by the auditor with additional evidence, since they are based on subjective information.

In general, the results of the table show that the integrated application of methods in the audit is of decisive importance in ensuring the sufficiency and reliability of audit evidence.

The results obtained on the basis of analytical tables show that the process of collecting audit evidence in grain processing enterprises is high-risk and multi-stage. The effectiveness of the audit directly depends on the sources of evidence, collection methods and the correct assessment of existing risks.

In this regard, auditors should use documentary, factual and analytical evidence in an interconnected manner, increase the volume of evidence in high-risk areas, and conduct a deep analysis of the state of the internal control system. This approach serves to improve the methodology for collecting audit evidence in grain

[1] Made by author.

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processing enterprises and increase the reliability of the audit conclusion.

Improvement of the methodology for collecting audit evidence at grain processing enterprises should be carried out in the following main directions:

Firstly, it is necessary to widely introduce a risk-based audit approach. This will allow the auditor to increase attention to the highest risk areas and effectively collect evidence.

Secondly, it is advisable to optimize the volume of audit evidence collection based on an assessment of the internal control system. In the presence of effective internal control, the auditor can rely more on analytical types of evidence.

Thirdly, it is important to improve the collection of audit evidence using information technologies. Electronic accounting systems, warehouse programs and digital reports allow the auditor to quickly analyze data.

Fourthly, special attention should be paid to the quality of documentation of audit evidence. All evidence obtained by the auditor in working documents must be reflected in a logical, consistent and substantiated manner.

CONCLUSION

This scientific article comprehensively studied the issues of improving the methodology for collecting audit evidence at grain processing enterprises in a theoretical and practical way. In the course of the study, the requirements of international audit standards on the nature, types, sufficiency and relevance of audit evidence and the characteristics of national practice were analyzed.

During the study, the need to apply a risk-based approach to collecting audit evidence was substantiated. In particular, non-compliance with product yield standards, incorrect accounting of technological losses and operations related to the activities of materially responsible persons were identified as high-risk areas. It was suggested that it would be advisable to expand the scope of audit sampling in these areas and collect comprehensive evidence.

In conclusion, improving the methodology for collecting audit evidence at grain processing enterprises should be carried out taking into account sectoral characteristics. The scientific conclusions and practical recommendations presented in this article can be used in audit practice, they serve to increase the reliability of accounting in production enterprises, ensure the accuracy of financial reporting, and develop the national audit system.

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