



PROSPECTS FOR THE USE OF INTERNATIONAL STANDARDS IN ASSESSING THE QUALITY OF AUDIT WORK

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Abstract: This article highlights the issues of assessing the quality of work of audit organizations and further improving its level. Opinions were also formed about the importance of international standards in improving the quality of audit work. In particular, proposals and recommendations were developed to maximize the level of audit work quality by following international auditing standards.

Key words. Audit quality, auditor responsibilities, financial statements, consistency, comparability, global consistency, credibility.

Introduction.

The assessment of audit quality is crucial for ensuring the reliability and credibility of financial statements. International standards play a pivotal role in harmonizing the audit process across different jurisdictions, enhancing comparability, and promoting high-quality audits globally.

Any activity can be expected to be effective only if it is carried out on the basis of certain discipline, standards and norms. «The President touched upon the issue of standardization and expressed the following points: "Fourth, the entire standardization system should be fundamentally reconstructed. The aim is that the products produced in our country should meet modern international standards» [1].

It is very necessary for the main auditors to monitor the work of their assistants in order to check the quality of their work. The main auditor should constantly supervise and guide the work performed by the assistants during the audit. Assistant auditor means employees whose professional level differs from the main auditor. Unlike assistant auditors, the principal auditor is fully responsible for the audit. The assistants to whom the work is assigned should be adequately informed about their responsibilities and the objectives of the processes to be performed, about the activities of the economic entity and about the audit problems that may affect the nature, time and scope of the audit processes.

Literature review.

«Audit organizations may provide the following related services:

- setting up, restoration, conducting accounting and preparation of financial statements, including preparation of financial statements in accordance with international financial reporting standards;
- performing the functions of a revision commission (financial inspector) of a legal entity, trustee of investment assets;
- advising on accounting and financial reporting;
- advising on the application of tax legislation, executing calculations, declarations on taxes and payments involving a tax consultant on the staff of the audit organization or engaging such consultant on a contractual basis;

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- analysis of financial and economic activities and financial planning, including the preparation of business plans, economic, financial and management consulting;
- conducting seminars, conferences on accounting, auditing and financial reporting, taxation, analysis of financial and economic activities and financial planning;
- developing recommendations for the automation of accounting and financial reporting, information security of financial information.

An audit organization may provide other related services stipulated by the standards of auditing» [2].

Certain principles should be followed when developing audit standards. O.V. Golosov and E.M. Guttsite stated: "the general principles in the system of auditing standards include: equality of interests of the parties, systematicity and complexity, dynamic and efficiency, accuracy of developed requirements of standards. Based on the specific characteristics of the audit, special principles of standardization are determined by theory and practice» [3].

«The remarkable aspect of this classification proposed by G.N. Kondrashova is that a separate group of internal standards is focused on the issue of personnel training. In fact, we fully support the creation of internal standards in order to ensure continuous control over auditors and auditor assistants within the audit organization [4]».

Analysis and results.

The assessment of audit quality is crucial for ensuring the reliability and credibility of financial statements. International standards play a pivotal role in harmonizing the audit process across different jurisdictions, enhancing comparability.

Control of the auditor's work by the auditing organization is carried out by means of:

- to discuss and verify the validity of the audit plan and the audit program in agreement with the client;
- strict adherence to the principles of organizational and ethical auditing (in particular, the auditor who advises the client or restores his accounting does not go to check it himself, etc.);
- conducting repeated re-checks of the reliability of the reports by the chief auditor of the auditing organization, free of charge for the client, after the audit conclusion has been issued by the main auditor;
- external control is carried out by state bodies in accordance with the current legislation and as stipulated in the regulatory documents

Table 1

Benefits of Using International Standards in assessing audit quality ¹			
No	Benefits	Advantages	Description
1.	Consistency and Comparability	Global Consistency	International standards provide a uniform framework, enabling auditors to follow the same principles and procedures irrespective of their location. This consistency helps in reducing discrepancies in audit quality across borders.

¹ Made by author

		Comparability	Financial statements audited under international standards are more comparable, aiding investors, regulators, and other stakeholders in making informed decisions.
2.	Enhanced Credibility and Trust	Investor Confidence	Adhering to internationally recognized standards increases the credibility of audit reports, fostering greater trust among investors and other stakeholders.
		Regulatory Trust	Regulators are more likely to rely on audits conducted in accordance with international standards, facilitating smoother regulatory oversight and cooperation.
3.	Quality Assurance and Continuous Improvement	Benchmarking	International standards provide benchmarks for best practices in auditing. This helps audit firms in assessing their performance and striving for continuous improvement.
		Training and Development	Standards often come with comprehensive guidelines and frameworks for training auditors, ensuring a well-informed and skilled audit workforce.

When determining the rules and procedures for controlling the quality of the auditor's work by the auditing organization, it should take the following measures:

- distribution of tasks among qualified employees on the implementation of the rules and procedures for controlling the auditor's work;
- conveying the rules and processes of auditor's work quality control to the employees;
- check the effectiveness of the auditor's work quality control system in order to determine whether the rules and processes correspond to the methods of their application and the practice of communication to employees.

The rules and procedures for controlling the quality of the auditor's work do not need to be stated in writing. They can be communicated orally during the recruitment of employees and repeated once a year at the general meeting of the audit organization.

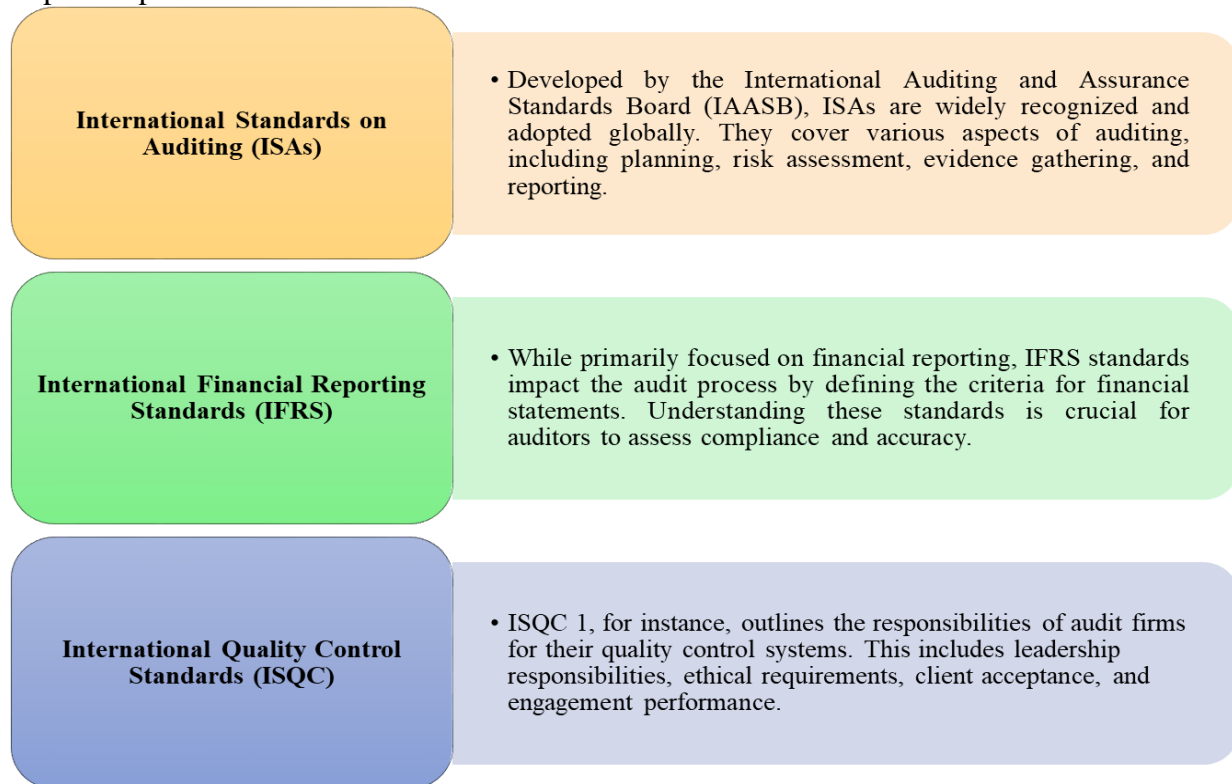
At the same time, it is recommended that audit organizations strengthen their rules and processes based on documents. The type and volume of documents is directly related to the size of the audit organization and its activity.

Organizational work on ensuring quality control should be carried out before the audit. It is necessary to ensure the high level of qualification of the employees of the audit organization, that is, auditors, experts, specialists. First of all, a special personnel procedure should be provided for this. It

is especially desirable to conduct competency tests during the recruitment process. Exams (for example, tests on accounting, tax, audit questions) should be carried out in several stages.

At the 1st stage, a test is conducted to determine the level of knowledge of the recruits and take the position accordingly.

At the 2nd stage, an advanced test can be conducted to determine the level of knowledge for a specific position.



Picture 1. Key International Standards in assessing audit quality²

Challenges and Considerations:

1. Implementation Costs:

- Adopting international standards can be costly, particularly for smaller audit firms.

Training staff, updating procedures, and acquiring necessary resources can require significant investment.

2. Local Adaptations:

- While international standards aim for global applicability, local adaptations are sometimes necessary to comply with national regulations and business practices. Balancing international standards with local requirements can be challenging.

3. Regulatory Environment:

- The regulatory environment in different countries can affect the implementation of international standards. Some jurisdictions may have stringent local requirements that override or

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complicate the adoption of international standards.

Technological Advancements:

Digital Tools and Automation: The integration of advanced technologies such as AI, data analytics, and blockchain in the audit process is expected to enhance the application and effectiveness of international standards.

Standardization of Digital Auditing Practices: As technology evolves, international standards are likely to incorporate guidelines for digital auditing practices, ensuring consistent quality in technologically-driven audits.

Global Convergence:

Increased Adoption: More countries are likely to adopt international standards as globalization progresses and the need for cross-border financial transparency increases.

Harmonization Efforts: International bodies are continuously working towards harmonizing standards, reducing differences between various national standards, and promoting a unified global framework.

Enhanced Focus on Sustainability and Ethics:

Sustainability Reporting: With growing emphasis on environmental, social, and governance (ESG) issues, international standards are evolving to include guidelines for auditing sustainability reports.

Ethical Standards: Strengthening ethical standards and independence requirements will continue to be a focus area, ensuring the integrity and impartiality of audits.

Conclusion. The use of international standards in assessing the quality of audit work holds significant promise for improving audit consistency, credibility, and comparability globally. While challenges exist, ongoing advancements in technology, global convergence efforts, and an increased focus on sustainability and ethics are set to enhance the prospects of these standards further. By embracing international standards, the auditing profession can ensure high-quality audits that meet the needs of a diverse and interconnected global economy.

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