



IMPROVING OF GATHERING AUDIT EVIDENCE IN INTERNAL AUDIT

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Abstract. In this article describes the methods of gathering evidence in the internal audit process and their description. Also, proposals and recommendations for assessing the reliability of audit evidence in the use of the work of the internal audit service in the audit were developed. In particular, a strategy for the use of audit procedures in improving the collection of audit evidence in internal audit has been prepared.

Key words. Internal audit, audit evidence, audit procedures, audit risk, materiality, audit sampling.

INTRODUCTION. Today, it is necessary to provide rapid development and well-directed support to industries and enterprises that can compete equally in the world market and can become a locomotive of economic growth, modernization and diversification of the economy at the next stage. Therefore, the main task of every economic entity is to continuously update production technically and technologically, to constantly search for internal opportunities and reserves, to implement deep structural changes in the economy, and to consistently continue modernization and diversification of industry.

For this, the most important direction of using all our internal capabilities and reserves is to gradually increase the deep processing of the rich resources of our land, as well as to expand the volume and type of production of products with high added value.

In order to ensure the implementation of this document, to define the single requirements for the organization of internal audit and the methodological basis of its work, the regulation "On Internal Audit Service in Enterprises" was adopted. According to it, the internal audit is to control and evaluate their work by checking and monitoring compliance with the laws, founding documents and internal documents of the Republic of Uzbekistan by the executive body and structural units of the enterprise management, the completeness of the information reflected in accounting and financial reporting and It is the activity of the structural division of the enterprise (internal audit service) to ensure its reliability, the established rules and principles of economic operations, the preservation of assets and the introduction of corporate management principles.

LITERATURE REVIEW.

There are different approaches to the concept of "audit evidence" in modern literature.

«The first approach according to S.M. Bychkova, audit evidence is considered as a "fact" and a "process". Evidence means that it can serve to confirm or deny the existence of another fact or process, information about a specific fact that allows forming a conclusion about the reliability of

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financial statements» [1].

«The second approach is that audit evidence is a source of information. According to V. B. Ivashkevich, "audit evidence is a documented source of information obtained as a result of an audit of accounting» [2].

«A third approach J. Robertson gives the following definition: "audit evidence is information that determines the auditor's actions in obtaining information, that is, influences the opinion of auditors and determines their decisions» [4].

«According to economist I. Kuziev, "Audit evidence is the accounting data collected by the auditing organization during the audit and which substantiates the audit conclusion, balances of analytical accounts, primary documents and collective registers, and information collected by another auditor» [5].

In our opinion audit evidence refers to the information collected by auditors during the course of an audit, which is used to support the conclusions reached in the audit report. This evidence provides the basis for the auditor's opinion on the financial statements or the effectiveness of internal controls within an organization.

ANALYSIS AND RESULTS. Audit activities and their scope, which are necessary for gathering audit evidence, are specified in the audit program.

Audit evidence is the information collected by the audit organization during the audit and which substantiates the audit conclusion.

The sufficiency of the evidence is determined by its quantity and quality. It is related to the scope of selection and the description of certain elements in the collection. When determining the sufficiency of the evidence, it is necessary to take into account the following circumstances: the fact that the evidence obtained from independent sources (third parties) is more reliable than the evidence obtained from the employees of the client-enterprise; that the information obtained as a result of the audit organization's independent examination or analysis is more reliable than the information obtained from third parties; that audit evidence in the form of documents and written instructions is more reliable than oral instructions. Finally, the possibility of comparing conclusions drawn from the use of evidence from different sources should be considered. The closer the collected evidence is to the date of the audited report, the more reliable it is.

If evidence of errors and inaccuracies is presented to the administration of the client enterprise before the audit report is submitted to the tax authority, then it will be possible to make the necessary corrections to the reports in accounting. If the audit is conducted after the report has been submitted to the tax authority, it is not possible to make corrections, but the errors detected in the current period can be corrected in time.

Evidence collected during audits is diverse and classified according to type, source and methods of obtaining.

According to the types of audit evidence, it is divided into written and oral evidence.

Written evidence (documents and written explanations) can be more reliable than oral evidence. But in some cases oral evidence can be more important and useful.

Determining the documented facts is carried out by checking the preliminary documents that are the basis for filling out the financial statements and account registers. These can be examples of operations related to unreasonably increasing the cost or carrying out operations without goods.

Allows internal auditors to gather evidence on 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.

When evaluating the evidence, it is necessary to determine: the independence of the source, the fact that the obtained facts and other information can be used as evidence (that is, that it is not against the law); applicability of this evidence to the subject of investigation; sample size and methodology.

Also, the relationship of this evidence with other evidence collected on the object; the scope and description of that relationship; possibilities of using the received evidence in the next audit process; level of seriousness of identified discrepancies; it is also necessary to determine the adequacy of the obtained set of evidence for decision-making.

Effective audit evidence gathering is essential for internal audits to provide accurate and reliable insights into an organization's operations, risk management, and internal controls. Enhancing the process involves adopting advanced methodologies, leveraging technology, and adhering to best practices. Here are several strategies to improve the gathering of audit evidence in internal audit (table 1).

Table 1

Improving the gathering of audit evidence in internal audit¹

№	Name of procedures	Type of procedures	Description
1.	Utilization of Technology and Data Analytics	Data Analytics Tools	Implementing data analytics tools can significantly enhance the ability to analyze large volumes of data quickly and accurately. These tools help identify patterns, anomalies, and trends that might not be visible through manual analysis.
		Automated Workflow Systems	Using automated systems for audit processes can streamline the collection and organization of evidence, reduce human error, and improve efficiency.
		Artificial Intelligence and Machine Learning	AI and ML can aid in predictive analysis and anomaly detection, providing deeper

¹ Made by author

2.	Enhanced Audit Methodologies	Learning Risk-Based Auditing	insights and more robust evidence. Focusing on areas with higher risk ensures that audit resources are allocated effectively and that the most critical areas are examined thoroughly.
		Continuous Auditing	Implementing continuous auditing practices allows for real-time evidence gathering and timely identification of issues. This proactive approach helps in maintaining up-to-date insights into the organization's operations.
		Integrated Auditing	Combining financial, operational, and compliance audits provides a holistic view of the organization and ensures comprehensive evidence collection.
3.	Strengthening Internal Controls and Documentation	Strengthening Internal Controls and Documentation	Ensuring that all processes are well-documented helps in gathering accurate evidence. Clear documentation of policies, procedures, and controls makes it easier to verify compliance and assess effectiveness.
		Internal Control Questionnaires	Utilizing detailed internal control questionnaires can help in systematically gathering evidence about the existence and effectiveness of controls.
4.	Skill Development and Training	Continuous Training Programs	Regular training programs for internal auditors on the latest auditing techniques, standards, and technologies ensure that they are well-equipped to gather and evaluate evidence effectively.
		Specialized Certifications	Encouraging auditors to obtain certifications such as Certified Internal Auditor (CIA) or Certified Information Systems Auditor (CISA) can enhance their skills and knowledge.
5.	Collaboration and Communication	Collaboration and Communication	Collaborating with other departments, such as IT, finance, and compliance, can provide a broader perspective and more comprehensive evidence.
		Stakeholder Communication	Maintaining open lines of communication with key stakeholders ensures that auditors have access to all necessary information and can clarify any uncertainties.
6.	Leveraging External	External Expertise	Engaging external experts for specialized

Resources

7.	Quality Assurance and Peer Reviews	<p>Benchmarking and Best Practices</p> <p>Quality Assurance Programs</p> <p>Peer Reviews</p>	<p>areas, such as IT or cybersecurity audits, can provide deeper insights and more robust evidence.</p> <p>Comparing audit findings with industry benchmarks and best practices helps in assessing the effectiveness of internal controls and gathering evidence on areas needing improvement.</p> <p>Implementing internal quality assurance programs to review audit processes and evidence can help in identifying gaps and improving practices.</p> <p>Regular peer reviews provide an objective assessment of the audit process and help in enhancing the quality and reliability of the evidence gathered.</p>
8.	Adoption of International Standards	<p>Adhering to International Standards</p> <p>Compliance with Best Practices</p>	<p>Following standards such as the International Standards for the Professional Practice of Internal Auditing (Standards) issued by The Institute of Internal Auditors (IIA) ensures that audit evidence is gathered in a systematic and professional manner.</p> <p>Aligning with best practices recommended by professional bodies ensures high-quality audit evidence and enhances the credibility of audit findings.</p>

Improving the gathering of audit evidence in internal audit requires a multifaceted approach involving technology, enhanced methodologies, robust internal controls, continuous training, collaboration, and adherence to international standards. By adopting these strategies, internal auditors can ensure the collection of accurate, reliable, and comprehensive evidence, ultimately contributing to more effective audits and better organizational governance.

CONCLUSION. Studying and evaluating the internal control system is extremely important in conducting an audit. Because the more efficient this system in the audited business entity is, the less the auditor's risks in conducting the audit, therefore this process is regulated by auditing standards.

The main phrase taken as a basis for the process under discussion is that the audit organization examines the state of internal control in order to determine the amount of work necessary for the purpose of forming an audit opinion on financial statements. The work carried out on the assessment of the internal control system in the course of the audit does not mean that the internal control system conducts a full and comprehensive examination in order to identify all the shortcomings of the economic entity. In order to identify all deficiencies, a complete and comprehensive inspection of the

internal control system is described as an additional service to the audit. Assessment of the economic security of the accounting and internal control systems of the economic entity is included in the additional services in the audit.

Nowadays, due to the development of foreign economic relations, the establishment of joint ventures and joint-stock companies, the issues of improving the effectiveness of the internal control system are being raised.

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