



The Main Principle of the Auditing Profession

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Annotation: Independence is one of the basic principles of the auditing profession. In essence, it is an environment that allows an auditor to act as evidence based on an impartial approach to expressing professional opinion - his honesty, integrity and profession.

Key words: independence, honesty, conscience, opinion, quality of auditing service.

Introduction. Increasing the financial stability of economic entities based on the modernization of the economy of our country and the introduction of new modern techniques and technologies into the production sectors is the foundation for the further development of audit activities in the following years. In recent years, the normative legal and methodological basis of auditing was formed in our country, as well as a simplified and unlimited system of auditing activity licensing was introduced, which made it possible to form the market of auditing services and ensure the entry of local auditing organizations into large international networks of auditing companies.

Analysis and results. Great work is being done in our country on the development of audit activity, regulation and strengthening of legislation in this regard. These measures are primarily aimed at strengthening the confidence of the population in newly formed market institutions and mechanisms. Today, the experience of transferring national financial reports of joint-stock companies and other business entities in our country to international standards has been fully mastered. This, in turn, makes it possible to attract foreign investors to the authorized capital of joint-stock companies and further develop the corporate management system.

At the same time, a number of problems and shortcomings prevent the further development of audit activity, increasing the importance of audit services for making management decisions and improving the quality of corporate governance, including the low level of trust in audit organizations, the fact that audits are not a guarantee of confirming the truthfulness of financial statements, but rather excessive and the fact that it is considered as a burdensome administrative procedure, the existing restrictions on the selection of audit organizations and the practice of conducting competitions in many cases cause unfair competition, including unfair competition in terms of price, the current system of special training of auditors and their qualification improvement has a superficial tone, and professional training and we found it necessary to point out that the necessary level of quality of audit services, including compliance with international standards of audit activity, is not provided. At this point, it is necessary to point out that the national standards of auditing activities do not fully correspond to the generally recognized international auditing standards, which does not ensure the formation of the ability of foreign investors to understand the truthfulness of the financial reports of local enterprises.

Auditors, performing the task of testifying, consider it their duty to gather sufficient reliable evidence in a timely manner that allows them to express an opinion on the accuracy and objectivity of the accounting report. Therefore, auditors should consider many cases (for example, abuses of employees and administration of the audited economic system) as an addition that does not arise from their duties, as well as from the nature of the task received.

However, the compilers of the accounting report and its users have a slightly different view of what the service should be during the audit (general audit, audit of banks, funds, insurance



companies). For example, auditors claim expertise and high fees, and the preparers and users of accounting reports can in any case expect auditors to be efficient in uncovering all irregularities from the report, not just large, significant frauds. However, experienced auditors, especially novice auditors, are not always effective in these areas.

It is another matter if the administration of the audited economic system sets the auditors the task of determining the facts of possible abuse and their consequences. For example, the management of a large automotive maintenance base requested an audit of the proper retailing of two independent transportation stores located on their premises. (This is called the service of auditors on arrangements agreed with the client). In order to fulfill such a task, auditors must develop special audit tests and measures, use special methods of control, such as sudden inventory of goods and cash, restoration of the quantity account, and re-examination of certain suspicious documents.

Independence is one of the main principles of the auditing profession. In essence, it is an environment that allows the auditor to express his professional opinion, that is, to perform his duty of testimony based on his honesty, integrity, and impartiality in the performance of his professional duties. This includes:

- a) absolute independence is an unattainable dream, but an examination conducted without striving to achieve such independence loses its essence;
- b) as the level of knowledge of auditors expands, the effectiveness of the audit increases and decreases as the level of independence decreases;
- c) almost always there may be factors reducing the independence of auditors;
- g) the striving for independence of the auditors engaged in the activities related to their profession should serve as a basis for reliable elimination of the negative factors they face.

In world experience, levels of auditor independence are decreasing as a result of the influence of several factors and situations. It is difficult to list them all, however, the following can be distinguished among them:

- he received a fee (financial assistance, loan, etc.) directly from the economic entity, not from his own auditing organizations, for the audit services he performed;
- close kinship with representatives of the administration of the economic entity;
- for many years, chronic participation in the examination of this economic entity, etc.

In practice, auditor independence should be the goal, and auditors, their clients, and society as a whole should strive for this goal. Such a goal can be achieved to a certain extent. For example, an auditor can and should be independent enough to perform this work, despite the fact that the client who hired him pays for the auditor's services in many cases. In addition, the fact that the auditor is paid by the audited economic system, if the administration of this system is not immersed in criminal cases, gives special confidence to the invited specialist, even if his own economy is the initiator of a detailed, in-depth study of very suspicious, dangerous zones.

In other words, the independence of the auditor (like the independence of a notary or a doctor who charges a client for his services) is a goal that civil society in general should strive for, it is a goal that is somewhat possible and very necessary to approach.

To sum up, if the purpose of organizing audits in our Republic and summarizing and evaluating its results is to thoroughly study and analyze the financial and economic activities of economic entities based on the current legislation, to identify problems and to make effective suggestions and recommendations for their elimination, then the role of ownership in the economy is



Regardless of the form, firstly, we believe that ensuring reliable, objective and independent auditing of financial and economic activities, and secondly, improving the current legislation is to encourage the quality of auditing services.

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