

THE ROLE OF ECONOMIC ANALYSIS AND AUDIT IN CORPORATIONS

Allaeva Gulchekhra Zhalgasovna*; Yusupov oqub Rustamovich**

*Scientific Adviser: DSc,
Tashkent State Technical University named after I. Karimov,
Tashkent, UZBEKISTAN

**Student,
Tashkent State Technical University named after I. Karimov,
Tashkent, UZBEKISTAN
Email id: allaeva.g@gmail.com

DOI: 10.5958/2278-4853.2022.00130.6

ABSTRACT

The article analyzes the essence of the concepts of "audit" and "economic analysis". The concept of analytical procedures and their connection with the analysis of economic activity is also considered. The study examined the relationship between economic analysis and audit in corporations.

KEYWORDS: *Economic Analysis, Audit, Analytical Procedures, Financial Statements.*

INTRODUCTION

Currently, economic analysis plays a special role in the implementation of the tasks and tasks of the audit in the activities of audit organizations. It is an integral part of all the main types of audit work, provides confirmation of the auditor's conclusions based on the results of checking the reliability of the reporting, the objectivity of its conclusion. Economic analysis is necessary in the course of monitoring the correct calculation and payment of taxes, evaluating economic and investment projects, optimizing taxation, consulting and expert services. In addition, the analysis of the economic activity of the enterprise can be one of the most important types of audit services.

Auditing does not work in isolation. In fact, it is connected not only with the economic system, the rules of submission, but also with the social, political and ethical system, as well as with the human elements of global involvement, such as cultural values, which are influenced by economic, and political, legal, educational and religious systems. They also influence the values of the profession and, consequently, the system of accountability. The degrees of economic development and technology correlate with the degree of sophistication of the reporting system. In fact, the degree of concentration of ownership power imposes specific financial disclosure requirements. The concentration of power in pension funds generally requires more attention to the future, as well as to the analysis and management of business risks. Funding sources from banks or the stock exchange impose certain financial reporting rules. The political system and a stable economy contribute to the development of a more transparent system of accountability. Society, understood systemically, implies the existence of a wide and complex web of

relationships, which, in the context of the globalization of markets, has rapidly expanded without a regulatory structure capable of controlling and regulating its development. Therefore, the need for the development of civil society becomes urgent. In fact, global companies are widening the gap between rich and poor countries, destroying the environment and in some cases supporting totalitarian regimes, endangering the existence of human society.

The market economy develops accountability, which leads to the emergence of quasi-public bodies to monitor and control the economy and audit functions. In today's society, investors and the public at large demand more reliable financial and non-financial information as a logical input to decision making. A regulated economy needs a structure to develop relationships between: responsibility, transparency, productivity, efficiency and economy. Economic sector development involves negotiating and working to generalize differences and enhance the interplay between private interests and public welfare (Louwers, Ramsay, Sinason, & Strawser, 2013; Whittington & Pany, 2010).[2]

Economic analysis is one of the main links in the enterprise management system. In fact, when you are just starting to plan and form an enterprise, you need some knowledge (how to realize each stage of existence and how to find a solution in solving any problems and know how to get out of crises). Play questions of economic analysis. an important role in assessing the effectiveness of economic activity and finding ways to improve it. Any entrepreneurial activity needs constant monitoring of its development, analysis of the processes that affect the enterprise, the current economic conditions. First of all, this is due to changes in the economic conditions in which the enterprise operates, such as the computer market, taxation, legislation, etc. [1].

In Uzbekistan, this problem is relevant, because we are at the stage of formation and development of our economic system. New enterprises are opening all the time, but many entrepreneurs do not pay attention to the economic analysis of all factors at all. This will lead to a crisis for the company, because they will not identify the negative factor in time. Therefore, in order to better see problems, eliminate them and improve the operation of enterprises, it is necessary to increase the level of knowledge of specialists. Due to these circumstances, the methodology for analyzing the use of the economic potential of organizations, production, its value and its previous state requires new economic conditions. All of the above becomes relevant due to the limited natural resources, lack of funding, periodic financial crises that are characteristic of the current stage of development of the economy of our country [5]. Despite the obvious and growing role of economic analysis in the audit, many of its theoretical and practical problems remain unresolved, namely, insufficient attention is paid to the specifics of this analysis. In audit, its organizational forms, features of analytical calculations in the course of audit activities. Among the most significant works, the works of Russian scientists V.D. Andreeva, N.P. Baryshnikova, L.T. Gilyarovskaya, V.I. Podolsky, V.V. Staples, V.P. Suites.

The relevance of scientific research in the field of audit and, in particular, the problems of economic analysis in audit, is obvious. Economic analysis is the most important component of the audit at all stages of its conduct: at the stage of preparing and drawing up a general audit plan, when generating audit evidence, when performing audit samples, when assessing the materiality of misstatements in financial statements, when substantiating the conclusions contained in the audit report. It is also the main research method not only in the audit of financial statements, but also in tax audit, compliance audit, price audit, management audit, and special

types of audit (investment, operational, etc.). Many economists limit the audit to checking accounting documents and examining the reliability of financial statements, which significantly narrows the direction of auditing. In the article Konoplyanik T.M. the concepts of "conducting analytical procedures" and analysis of economic activity are defined. By analytical procedures, the author understands the actions of the auditor, during which he analyzes the coefficients and values based on information about the activities of the audited persons.

On the other hand, analytical procedures are one of the forms of substantive audit procedures and are used to obtain audit evidence when forming an opinion on the reliability of financial (accounting) statements. The analysis of financial and economic activities is based on financial information, the reliability of which has already been established in the process. This side of the analysis in the audit is reflected in the works of V.D. Andreeva, S.M. Bychkova, A.V. Gazaryan, V.V. Kovalev and others. When checking the reliability of information about economic activity, it is impossible to do without a comprehensive economic analysis of all aspects of the production and economic activities of the enterprise. We must not forget that business analysis is one of the most important services accompanying the audit, and can be considered as a separate type of activity of the audit organization. Trends in the development of audit in world practice indicate that in the framework of extensive audit work, in addition to an audit to confirm the reliability of financial statements, an increasing place is occupied by economic analysis of economic activity. At the same time, the need for a comprehensive analysis of the audited organization arises already at the preliminary stages of any audit. When preparing for an audit in accordance with the standard of audit activity, the auditor must familiarize himself with the financial and economic activities of an economic entity and have information about external and internal factors affecting its economic activity. As a result of the analysis, an assessment of the reliability of the audited accounting object is given. This assessment is indirect evidence on the basis of which the auditor decides whether other audit procedures are required.

During the detailed verification phase, the analysis serves to reduce the risk of not detecting any deviations. At the final stage of the audit, analysis is applied so that the auditor, in the course of evaluating the results of the audit, can summarize the data and draw conclusions. In her work Potapova O.S. considered the use of specific coefficients of economic analysis in the analysis of financial statements, examples of the use of such coefficients as current and absolute liquidity ratios, autonomy coefficient, etc. are given (Table. 1) [2].

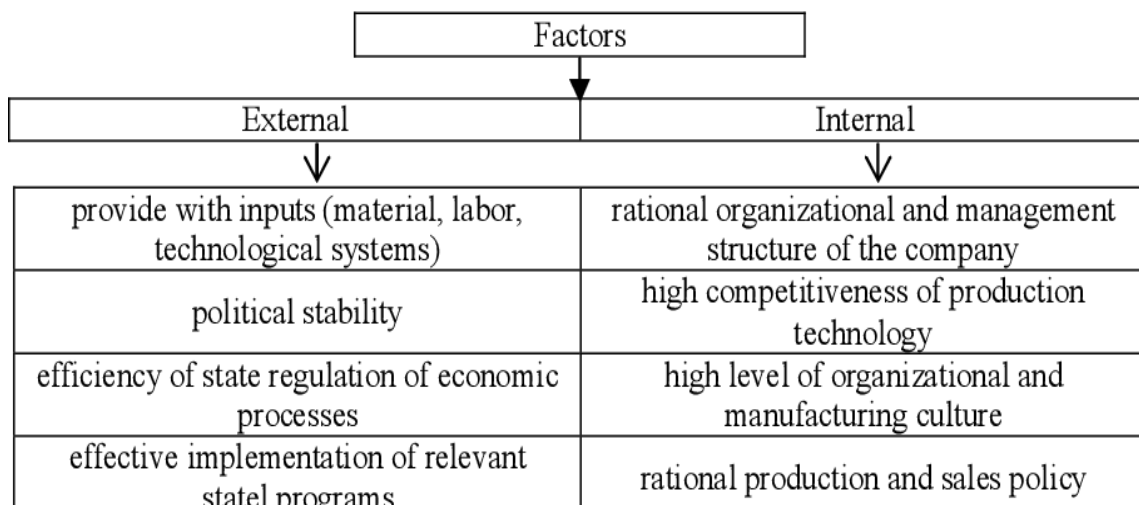
Area of comparison	Financial audit	Efficiency audit
Goals	Determination of the correctness of bills and statements completeness, the legality of the targeted use of public funds	Determination of economic efficiency and effectiveness by using the public funds
Materials for audit	Financial documents and statements that reflect the legitimacy of using the public funds	Documents reflecting operations' results connected to the development and usage of public resources to achieve the goals, objectives, functions and programs
The content of the work	The documentation process and factual verification operations with public funds, as well as their reflection in accounting and financial reporting	Analysis of how the work is organized, situations, comparative analysis, synthesis, as well as the development of appropriate benchmarks to measure performance, surveys, interviews, questionnaires
Presentation of the work	As: - reports in a standardized form - conclusions based on financial documents - description of violations and corrective measures	As: - report of results, which may contain a discussion paper - conclusions, findings on the basis of the various arguments and evidence - separate constructive proposals

Thus, economic analysis plays a large role of audit. But at the same time, economic analysis acts more as an independent service. At the same time, the analysis cannot do without an audit, since the analyst cannot build a forecast on unreliable business activity data. Summing up, we can say that economic analysis and audit inherently have different directions and goals, but at the same time are closely intertwined in economic life.

Comparative analysis shows that all authors put forward economic analysis as the most important part of enterprise management. The analysis of the economic activity of enterprises is considered as the basis for making managerial decisions in business. To justify and make decisions, managers must identify and predict current and potential problems, production and financial risks, determine the impact of their decisions on the level of risks and income of the enterprise [3]. An important part of training managers is understanding the methodology of complex economic analysis at all levels of management. Management decisions are based on information that circulates within the enterprise and beyond. However, making decisions based on raw information is difficult; such information is useless for decision making.

Economic analysis is necessary for the preparation and processing of the decision-making information base. Processing is provided by methods, techniques and methods of analysis. It is difficult to identify a problem in an enterprise without sophisticated methods of economic analysis. If you have a lot of raw information, then in large quantities it will be almost impossible to determine where you have a failure. To solve such problems, many approaches of economic analysis can be applied. To study the influence of factors on the results of management and calculation of reserves in the analysis, you can use methods such as the substitution chain, absolute and relative differences, the integral, correlation, component method, linear, convex programming methods, queuing theory, game theory, operations research, etc. Further. The use of these methods depends on the purpose and depth of the analysis, the object of study, the technical possibilities of calculations, etc. [4]. We can explain the method of factor analysis as a complex and systematic study and measurement of the influence of factors on the value of performance indicators. In practice, elimination methods are most often used. Exclusion methods are used to exclude the influence of all factors on the total measure, in addition, the influence of

which on the object is studied and determined. For effective analysis of labor costs in corporations, the optimal distribution of time by departments and their relationship with the general position of production capacity is important. (Table 2) [1].



The content and main purpose of the economic (financial) analysis in the audit is to assess the financial condition of the organization and identify its opportunities to improve efficiency. Economic analysis is mainly used at the microeconomic level of management, in terms of attracting and effectively using financial capital, implementing cost reduction measures, improving management efficiency and improving key elements such as forecasting, accounting and control. The review is a series of procedures to assess the credibility of the report, the current financial position of the organization and the growth prospects of the organization in the most important areas to determine the likelihood of the organization's going concern and the effectiveness of management.

One problem with using economic analysis in an audit is that the terms "analytical procedures" and "economic analysis" are often used interchangeably. Of course, although there are common features between the analytical procedures of audit and economic analysis, in our opinion, these concepts cannot be equated. Thus, the information that is checked during the audit serves as a source of information for economic analysis, and analytical procedures, as a form of an audit procedure, are essentially used to obtain audit evidence when forming an opinion on the reliability of financial statements. At the same time, if the purpose of economic analysis is to assess the likelihood of business continuity and the effectiveness of its management, as well as forecasting further development, then the purpose of analytical procedures is to identify unusual and (or) incorrectly reflected business transactions, such as errors and identify the causes of distortions. According to economists, the purpose of economic analysis in audits is to use a set of analytical procedures to identify high-risk areas in the audited business, reduce the volume of financial audits, increase the effectiveness of audits, and predict the organization's future growth prospects. Given the high level of audit engagement analytics, both in content and resolution, it is clear that analytical procedures should be used to support the audit objective. Analytical procedures are important coefficients in BAS Analytical Procedures and are described as a method of analyzing patterns and then observing their changes and interactions. To investigate

the agency and its environment, obtain audit evidence through inspection, and examine causes and deviations, the auditor uses analytical procedures as risk management procedures.

Thus, the study of the role of economic analysis and audit in corporations allowed the author to conclude that economic analysis is one of the most important links in the management system, because this is the stage when we plan and when we see problems and know how to get out of crisis situations. The issue of economic analysis plays an important role in assessing the effectiveness of economic activity and finding ways to improve it. In Uzbekistan, this problem is very relevant. Many entrepreneurs do not pay attention to the economic analysis of all the factors that can lead to a crisis, if a negative factor is not identified in a timely manner. Therefore, we must increase the knowledge of specialists, see problems, eliminate them and improve the work of enterprises. Also, the functioning of modern economic analysis is impossible without the use of computer and information technologies. They allow you to quickly draw up accounting documents, calculate taxes on wages, duties and prepare all accounts in order to then produce automated economic analysis, financial planning and forecasting.

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