

NEW CHALLENGES TO THE IMPLEMENTATION OF QUALITY AUDIT PROCEDURES OF ENTREPRENEURIAL BUSINESS STRUCTURES

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Abstract. The impact of the war created difficult conditions for many spheres of activity in Ukraine, including auditing. Military operations primarily affect audit activity due to the risks of economic instability and changes in legislation. The most difficult problem was the difficulties with collecting and verifying the financial statements of enterprises whose assets remained in the temporarily occupied territory, were destroyed or damaged as a result of hostilities. This leads to an increase in the risks of conducting quality audit procedures, in particular due to an increase in the risks of financial fraud and money laundering.

The purpose of the work is to research the peculiarities of the audit of the economic activity of enterprises in view of changes in the economic system.

Analysis of financial and economic activity is possible in several cases:

1) for the needs of the company's management - operational, current and strategic analysis;

2) when conducting an audit in order to identify the correctness and reliability of the display of accounting indicators in reporting documents.

The methodology for analyzing the financial and economic activity of the enterprise must be based on the existing methodological base, taking into account amendments and adjustments in connection with the incurred losses and destruction of material values and property and the possible impact of future events on the property status of the enterprise.

The criterion for assessing an enterprise's financial condition for financial diagnostics is some "proper" or "normal" financial condition, which in diagnostics serves as target states [1].

During the audit, the auditor pays attention to the compliance of financial statements with the following international auditing standards (ISA) [2]:

ISA 315 (revised) "Identification and assessment of risks of material misstatement" - in part of the revised own assessment of risks of material misstatement of financial statements caused by war, for example, related to the liquidity of the client's company;

ISA 500 "Audit evidence" - in the part of formulating one's own opinion or its modification regarding financial statements based on the received audit evidence. In connection with difficult circumstances (military actions and martial law), the auditor should modify the approach to the audit, especially in conditions of limited access to the audit object;

ISA 570 (revised) "Continuity of business" - in terms of taking into account the impact of military operations and martial law, the Covid-19 coronavirus pandemic, and other global impacts. In connection with the above, the auditor needs to take into account: updating forecasts and sensitivity analysis taking into account the identified risk factors and various possible outcomes; review of projected compliance with contractual conditions (covenants) in various scenarios; changes in the company's operation plans regarding future actions; expansion of information disclosure;

ISA 560 "Events after the reporting period" - in terms of making appropriate changes to the forecast values of indicators by management personnel, in connection with military operations and martial law. The auditor takes into account all current and potentially high levels of risk and their possible impact on such indicators.

The generalization of audit practice made it possible to single out the following

general changes in audit activity during wartime [3]:

1. Staff reduction.
2. Reduction of budgets.
3. Review of work plans.
4. Change in the internal audit of corporate clients.

Let us analyze in more detail the changes in the organization of the activities of auditors and audit firms caused by the change in regulatory requirements [4]:

1. Prohibition of collaboration with Russian auditors and auditing firms.
2. Partial exemption from payment of membership and other fees.
3. Reduction of the fixed fee for mandatory audit tasks.
4. Relaxation of qualification criteria for employees.
5. Suspension of inspections and extension of validity of quality control certificates.

6. Postponement of reporting.
7. Termination of liability and change of control periods.
8. Reduction of the requirements for acquiring auditor qualifications.

Thus, military aggression and the introduction of martial law throughout the territory of Ukraine have seriously changed the conditions for the functioning of enterprises (organizations). There was a need to adjust the methodology of analysis and audit at the enterprise. The auditor, first of all, should rely on the use of the existing methodology of conducting an audit, based on international auditing standards, taking into account force majeure circumstances (including military actions and martial law) that caused losses and destruction of the company's property.

Keywords: audit activity, martial law, enterprise, ISA, audit services

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