Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

Vitaliy Borisovich Ivashkevich, D.Sc.(Econ.), Prof.
Chair of Accounting, Analysis and Audit,
Kazan (Volga region) Federal University
Address: 420012, Butlerova, 4, Kazan, Russia
E-mail: kafedra_ma@bk.ru

UDC 657.6
JEL M-42

FEATURES OF PROFESSIONAL BEHAVIOR OF AN AUDITOR

Abstract

In any profession, there are certain rules of behavior during work, including, in addition to direct activities, communication with people around us. This is especially important for audit activity, which is characterized by high ethical requirements for honesty, fairness, and integrity, providing complete confidence in the results and conclusions of an auditor. The article discusses the specifics of audit activity, its impact on the professional behavior of an auditor, his relationship with the management of the audited organization, tax authorities and other consumers of audit services. Particular attention is paid to overcoming the violations of ethical principles that create a fertile ground for corruption and financial fraud in business.

Keywords: audit; professional behavior; corruption; financial control; ethical principles.

A modern audit is a professional activity of auditors and audit organizations in carrying out independent extra-departmental audits of financial statements, payment and settlement documents, tax returns and other financial obligations and requirements of economic entities. From the standpoint of international standards, audit services are primarily tasks that ensure the auditor's confidence in the absence of significant distortions of the client’s financial statements [7, 12].

The main objective of the financial audit is to professionally assess the veracity of the financial statements of economic entities and the compliance of their financial and economic operations with the applicable state regulations and the provisions of constituent documents. In addition, the auditor can evaluate the financial condition of the organization, its solvency, the rationality of the production or expected financial investments and expenses, verify the correctness of the calculation and payment of taxes, confirm or not confirm the expenses and income received, make recommendations for their optimization. Most of the estimated

Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

performance indicators of an economic entity are formed according to system accounting; the auditor must check the correctness of its organization and implementation, their compliance with current legislation and the provisions of the accounting policy of the enterprise.

Particular attention is paid to the accuracy of the financial statements. During the audit, it is necessary to verify in detail, for each article of the balance sheet, statement of financial performance and other forms, the correctness of the formation of the corresponding amounts. When assessing the performance of tax reports and declarations, one should be guided by the current tax legislation in the country. When auditing public sector organizations, the inspector must comply with special requirements, including ensuring state security.

In their activities, auditors should be guided by specialized ethical requirements for the profession, established by international and domestic standards and codes. International ethical rules contain mandatory requirements for the audit profession:

- honesty;
- objectivity;
- professional competence and due care;
- confidentiality;
- professional behavior.

They are described in detail in the accounting, scientific and specialized literature [4, 6, 8]. The same principles are present at the basis of national auditing standards, but they are, as a rule, formulated more specifically and rigidly [1, 11]. In their work, auditors are usually guided by the national standards of the respective country.

To fully satisfy the requirements of the profession, it is not enough for the auditor to be a highly qualified specialist in accounting, economic analysis, taxation and financial control. A special standard of behavior is required at and outside work. Professional behavior is a relatively new concept in management. It means that a professional accountant, including an auditor, must always act in accordance with the high reputation of his profession and refrain from any actions, statements and actions that could harm her.

Any behavior of a specialist is manifested in his attitude towards people with whom he works together or for whom he works (customers, users of the audit). Most of the auditors of medium and large companies work in a group, together in a team of different gender, age, qualifications, life experiences, character, individual behavior of people, which, however, should be a single team. Without mutual respect, mutual assistance and understanding, this is difficult, or not possible at all.

Auditors should be impeccable in the opinion of those who have or intend to deal with them. Honesty and objectivity of audit findings requires that the influence of prejudice, bias, and conflict of interest be eliminated. There should be no doubt about the bias of the audit judgment, its dependence on the "powers that be," on kinship, friendships, and personal relationships. Should be completely excluded:

- Financial relations of clients on any issues, except for settlements for the services provided;
- The work of the auditor and his immediate family in a managerial position with a

Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

client organization;

- Performing management functions and making management decisions at the audited enterprise;
- Personal and family relations with the management of the audited company;
- Receiving a fee from one of the clients, which constitutes a significant share in the total amount of the auditor's income;
- Acceptance by the auditor of goods, services, signs of special attention and excessive hospitality;
- The predominant participation in the capital of the audit organization of persons not related to audit practice;
- The work of the former partner of the audit organization in a managerial position in the audited company;
- Actual or possible litigation between the auditor and his client;
- Long-term participation of the same certified auditors in audits of financial statements of the same client [9, p. 112].

Audit organizations are prohibited from participating in commercial activities and the provision of other paid services to economic entities whose activities they verify.

The auditor to a much greater extent than a professional accountant who is employed by the company is free and independent not only in relations with the management of the audited company, but also in relations with the director of his own audit organization. The director of the company cannot be specified, recommended, especially ordered, what kind of conclusion is necessary or desirable to come from the results of the audit. This is entirely up to the auditor to decide, guided by his professional judgement.

In principle, the choice of methods for checking the reliability of financial statements and assessing the legitimacy of the facts of economic life should be free, although it is desirable for the audit organization to have its own standards and rules on this subject, which are, however, recommended for a specific auditor.

The content and methods of checking financial statements depend on legislative and other regulatory requirements for accounting and auditing. During the verification of the accuracy of the reporting, the auditor should be guided only by official provisions that determine the volume and forms of reporting, the procedure for filling them out, the composition of costs, the methodology for generating financial results, operations for the implementation of joint activities, etc. He has no right to deviate from these regulatory documents, interpret them arbitrarily, recommend to the enterprise a different solution to accounting problems, must carefully monitor all changes in the composition and content of regulations, the emergence of new documents, the adjustment and cancellation of existing and previously existing [8, p. 146].

The audit should not create additional difficulties in the work of accounting of the audited organization. The contacts of its employees with auditors should be minimized. Regular employees of the enterprise can be involved in the inventory of property, but it must be carried out under the supervision of an auditor.

Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

In relations with the management of the audited organization, it must be borne in mind that auditors have the right to:

a) examine from clients all the primary documentation, accounting records and reports of financial and economic activities without withdrawal, get acquainted with official correspondence on these activities, receive clarifications on any issues from any officials;

b) receive, upon written request, information necessary for conducting an audit from third parties, including with the assistance of state bodies;

c) check the availability of cash, securities, materials and goods, the status of settlements and obligations;

d) independently determine the forms and methods of the audit based on the requirements of regulatory enactments, ISAs, as well as the specific terms of the contract with economic entities;

e) involve on a contractual or contractual basis in the audit of auditors working independently or in other audit firms, assistants without the right to audit and other specialists, with the exception of those who cannot audit this client in accordance with the law on auditing.

The audit organization or the auditor may refuse the audit if the client fails to provide the necessary documentation and other conditions stipulated by the contract.

Auditors and audit organizations are required to:

1) When conducting audits and providing other options for services, fully proceed from the requirements of the legislation and other regulatory acts;

2) Carry out audits at a high professional level, objectively assess the financial condition of the enterprise, its property, liabilities and results of business activities;

3) To ensure the preservation of commercial and official secrets, not to disclose without the consent of the owner the confidentiality of transactions and operations, the results of inspections and conclusions, except as provided for by legislative acts. Data obtained during the audit, evidence of corruption and other misconduct, can be made public only after the entry into force of a court decision; [4, 9]

4) To ensure the safety of documents, registers, statements and conclusions received and drawn up by auditors during the audit.

To provide managers and other officials of the client enterprise with comprehensive information about the requirements of the legislation regarding the audit, the rights and obligations of the parties, and after reviewing the opinion of the auditor (audit organization) - about the regulations on which the comments and conclusions of the auditor are based.

According to ISA, the auditor should organize his work in such a way as to be ready to detect violations of the rules that distort the content of financial statements, carefully consider the evidence of errors, inaccuracies and direct falsifications in the accounting. The auditor is obliged to remind the management of the client company of the responsibility for conducting internal control in order to prevent or detect these incorrect facts [7, 12].

Clients are forbidden to take any actions that limit the possibility of a comprehensive objective assessment of the results of the financial and economic activities of their enterprises,

Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

in particular, prevent the receipt of primary documents and data, conduct control checks and inventories, and restrict access to places of storage of material assets.

According to international audit standards, the inspector should immediately be oriented to the fact that there may be errors, inaccuracies and even possible falsifications in the financial statements [12, p. 37]. It is always necessary to remind the management of the client’s organization of their personal responsibility for this. At the same time, bookkeeping should be given the opportunity to correct the errors identified by the auditor, after which they make up the final version of the audit report. In an ethical relationship with the chief accountant and the head of the enterprise, the auditor should be neutral, but if there is a conflict of interests and opinions between the director and the chief accountant, it is necessary to support the legislatively directed position of the chief accountant [9 p. 129]. While checking the correctness of tax calculations and payments, one must proceed from the requirements of tax legislation.

The auditor behaves differently in relations with the tax authorities in situations where they make claims against the client and the auditors who checked his activities. The auditor does not have the right to sign a positive opinion on the reliability of the financial statements until the client removes significant comments on the results of the audit, including the part of taxes payable to the budget. But if the remarks are eliminated and the conclusion is signed, the auditor is obliged at all subsequent stages to uphold its correctness, to protect the client organization from unreasonable claims and claims, including from the side of the tax authorities. If, upon preliminary consideration or by a court decision, the tax authority is found to be right, the auditor should fully compensate the additional costs incurred by the client.

The most important principles and features of the professional conduct of the auditor are defined in international and national codes of audit. They oblige him:

- Comply with generally accepted moral norms and principles; be guided in behavior and relationships with people by moral standards accepted in human communication;
- Based on the priority of public interests, take into account the interests of not only customers, but also other consumers of accounting (financial) statements;
- Be conscientious in the performance of their duties, professionally competent and available to communicate with the staff and management of the organization;
- To observe the principles of objectivity, independence, confidentiality, not to use the information obtained from the audit to the detriment of the interests of the client or for their own benefit [7, 9 p.204].

The code of conduct for a specialist in any profession requires creative application in practice. This is not a list of strict rules that are mandatory for implementation, but rather a guide to action in each specific situation. In addition to professional knowledge and the ability to apply them in practice, you need to have a high level of general culture and intellectual development.

Audit 2 (2020), Cild 28, səh. 46-51.
Audit 2 (2020), Vol. 28, pp. 46-51.

References

1. “About an auditor service” The Law of Azerbaijan Republic - 16 September, 1994, No. 882. («Auditor xidməti haqqında» Azərbaycan Respublikasının Qanunu - 16 sentyabr, 1994-cü il, № 882)

2. “About accounting” The Law of Azerbaijan Republic - 29 June, 2004, No. 716-II Q («Mühasibat uçotu haqqında» Azərbaycan Respublikasının Qanunu – 29 iyun, 2004- cü il, №716-IIQ)

3. The Federal Law of Russian Federation “On Accounting” dated December 6, 2011 No. 402-F3 (as amended on August 2, 2019) (Федеральный закон РФ «О бухгалтерском учете» от 06.12.2011 № 402-ФЗ (ред. от 02.08.2019))

4. The Federal Law of the Russian Federation “On Auditing” dated December 30, 2008 No. 307-F3 (as amended on August 2, 2019) (Федеральный закон РФ «Об аудиторской деятельности» от 30.12.2008 № 307- ФЗ (ред. от 02.08.2019))

5. The Federal Law of the Russian Federation “On Combating Corruption” dated December 25, 2008 No. 273-F3 (as amended on December 28, 2017) (Федеральный закон РФ «О противодействии коррупции» от 25.12.2008 № 273- ФЗ (ред. от 28.12.2017))

6. International Accounting Standards. The Institute of Chartered Accountants in England. & Wales, 2017

7. International audit standards. Code of Ethics for Professional Accountants - M .: ICAR, 2016 (Международные стандарты аудита. Кодекс этики профессиональных бухгалтеров – М.: МЦРСБУ, 2016)

8. Ivashkevich V.B., Kulikova L.I. Accounting. M.: Economist, 2015 (Ивашкевич В. Б., Куликова Л. И. Бухгалтерское дело. М.: Экономист, 2015)

9. Ivashkevich V.B. Professional values and ethics in accounting and auditing. M .: Master, 2019 (Ивашкевич В. Б. Профессиональные ценности и этика в бухгалтерском учете и аудите. М.: Магистр, 2019)

10. Code of Ethics for Professional Accountants - Members of the IPAR of Russia. M.: BINFA, 2018 (Кодекс этики профессиональных бухгалтеров – членов ИПБ России. М.: БИНФА, 2018)

11. Code of Ethics for Auditors in Russia. M.: BINFA, 2018 (Кодекс этики аудиторов в России. М.: БИНФА, 2018)

12.Manita, R., Elommal, N., Baudier, P., Hikkerova, L. The digital transformation of external audit and its impact on corporate governance // Technological Forecasting and Social Change. - 2020. - Vol. 150, January. -https://doi.org/10.1016/j.techfore.2019.119751

Məqalə redaksiyaya daxil olmuşdur: 05.03.2020
Təkrar işləməyə göndərilmişdir: 18.03.2020
Çapa qəbul olunmuşdur: 03.04.2020

Дата поступления статьи в редакцию: 05.03.2020
Отправлено на повторную обработку: 18.03.2020
Принято к печати: 03.04.2020

The date of the admission of the article to the editorial office: 05.03.2020
Send for reprocessing: 18.03.2020
Accepted for publication: 03.04.2020