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**USING INTERNAL STANDARDS IN AUDITING ACTIVITIES TO
STRENGTHEN MARKET POSITIONS**



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Abstract

The use of audit standards in practice reduces the cost of working time for conducting audits, improves the quality of control over the activities of auditors, and strengthens its position in the market of audit services. In this research, we found that when choosing an audit firm to receive accounting outsourcing services, businesses mainly take into account the advice of business partners, and not on advertisements on the Internet and other media. In order to strengthen their market position, audit firms, in our opinion, should first of all improve the quality of services they provide to their clients. This can be achieved by applying new and improving existing internal auditing standards. The use of internal audit standards makes it possible to reduce the complexity of conducting audits, increases control over the work of auditors, increases the level of quality of services provided, as well as their compliance with national and international audit standards. In addition, the use of in-house accounts allows you to create an additional basis for resolving conflicts that may occur between auditors and tax authorities, clients and management of the audit firm. The use of internal audit standards allows the audit company to make the audit process more optimal and contributed to the creation of a unified approach to working with accounting documents, provides a higher quality of service to partners and reduces the risk of errors during audits.

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1. Introduction

As a result of the consolidation of audit companies and the formation of multinational audit associations there is a need to create international standards for auditing. Auditors from different countries face approximately the same problems during their practical professional activities, so it is possible to use the best practical experience of auditors from different parts of the world. Therefore, according to Abd al Hassani et al. (2020) there is a constant need to improve existing standards and create new ones for auditing activities.

The standards that regulate the daily practice of auditors are applied almost all over the world, which makes it possible to achieve the maximum degree of objectivity in the analysis of financial statements of enterprises. Unification of the basic principles of audit and accounting, as well as methods for analyzing financial statements, allows us to formulate a standard set of criteria necessary for comparing the results of audit activities.

The unification of auditing standards allows you to create common standard requirements that are necessary to ensure the quality and reliability of the audit, provided that these standards are met.

The application of audit standards also enables the supervisory authorities to exercise effective control over audit activities.

2. Problem Statement

Attracting new customers is an important condition for the successful operation of any business. Audit businesses have their own specifics. Auditors are trusted not only to calculate taxes, but many of the company's trade secrets become available to them when performing their duties. Therefore, when choosing an audit company, they are very responsible for this task.

Recently, accounting outsourcing has become widespread. it allows small companies to save on paying for the services of an accountant, but at the same time receive high-quality accounting services. Accounting outsourcing allows audit firms to expand their market share.

However, increasing competition in the market of audit services requires audit companies to look for different ways to attract new clients.

3. Research Questions

When writing this research paper, the problem of attracting new clients to provide accounting outsourcing services for the audit firm LLC "Vasily and Ko" was solved . However, the results of this research can be applied to other audit companies.

4. Purpose of the Study

The purpose of this study was to find ways to expand the client base of the audit firm LLC "Vasily and Ko" to provide accounting outsourcing services.

5. Research Methods

As part of this research, we used an analytical method that created and implemented the possibility of studying the problems that are addressed in the article in their development and unity.

Taking into account the goals and objectives of the research, along with the systematic one, a structural and functional research method was used. This finally allowed us to study some of the problems of using internal standards in auditing activities to strengthen market positions in the audit market.

Within the framework of this study, an analytical method was used, through which the opportunity to study the issues raised in the article in their unity and development appeared and was implemented. Taking into account the task and purpose of the research the structural and functional research method was used along with the systematic one. This, in the end, made it possible to study a number of problems of implementing internal audit standards in order to strengthen the position in the market of audit services.

6. Findings

Various corporate, national and international standards are widely used in modern auditing. In our opinion, for further improvement of audit standards, it is necessary, first of all, to unify the wording of such concepts as accounts payable and receivables, as well as accounting statements.

Popescu et al. (2009) accounts receivable mean the presence of certain obligations from third parties to the company, reflected in the accounting.

In the opinion Calota (2009) this is an asset of the company that appeared as a result of the appearance of obligations to it from third parties.

According to Temirkhanova and Mutabar (2020) accounts receivable is a set of debt obligations from legal entities and individuals that have the status of a debtor in relation to this enterprise.

In the opinion Avram, M. (2005) accounts receivable are debts from legal entities and individuals that have arisen as a result of economic activity.

According to Efremova (2018) accounts receivable are an integral part of the company's assets, which is associated with settlements with individuals and legal entities.

In the opinion Loseva (2019) accounts receivable is a set of accounts receivable, temporary withdrawal of assets belonging to the company from economic turnover, as a result of the delivery of services or works on credit.

Authors Mădălina et al. (2014) understand accounts receivable as the amount of debt owed to the enterprise by its counterparties.

In the opinion Smieliauskas et al. (2020), Deynega and Kurakova (2017) accounts receivable is a debt owed to a firm in the form of financial or other obligations on the part of third parties.

In our opinion, it is more correct to consider accounts receivable as a type of lending to contractors of the company, due to the fact that this is not only a temporary withdrawal of assets belonging to the enterprise from circulation, but also at the same time replenishment of working capital from the debtor.

In Abd al Hassani et al. (2019) accounts payable refers to the amount of liabilities incurred to employees, the budget, or suppliers.

According to Turishcheva (2015) accounts payable it owed to counterparties.

According to Temirkhanova and Mekhmonov (2020) this is the company's money raised on a temporary basis, which will need to be returned back to creditors.

In Shamki and Alhajri (2017) it is noted that accounts payable is a debt that arose as a result of the temporary use of funds belonging to creditors in the turnover.

According to Alzeban (2015), Keithley (2020) accounts payable of an enterprise is a debt arising as a result of transactions with legal entities and individuals, which it must repay.

In the opinion Burnaby et al. (2009) accounts payable is a debt that has arisen due to an obligation relationship between creditors and an enterprise.

Based on our research, we believe that it is more correct to understand accounts payable as part of the assets of an economic entity that belong to it according to ownership or ownership rights, as an object of binding legal relations, and can also be collected or claimed by persons who have the right to claim or recover.

Under the financial (accounting) statements Simunic et al. (2015) this includes information about the financial condition of a legal entity as of a certain date, the results of its financial and economic activities, as well as the dynamics of cash flows for the reporting period.

According to Shinkareva (2020) financial statements are a set of parameters that reflect the results of an enterprise's economic activity in a particular reporting period, as well as other operational, accounting, or statistical information.

According to Mădălina (2019) financial statements are a set of indicators that are summarized accordingly and reflect the results of the company's operation for the reporting period.

Authors Breger et al. (2019) define financial statements as a system of accounting indicators that reflect the results of the company's production activities for a certain period of time.

In the opinion Moeller (2011) financial statements are a set of data structured in a certain way that reflects the property and financial position of the enterprise, as well as the results of its production and economic activities, compiled according to accounting data.

According to Khakimov (2019), Podolna et al. (2016) financial statements are a systematic set of indicators that are designed to display the results of an enterprise's activities in the reporting period.

Authors Loseva (2016) financial statements are understood as a set of data on the company's production activities ordered according to a certain methodology, intended for making decisions related to this company. In our opinion, financial statements are based on accounting data and structured accordingly information that reflects the production and economic activities of the company for making decisions related to its functioning.

In this study, we consider the use of internal audit standards to strengthen the position in the market of audit services on the example of the company "Vasily & Ko" LLC, which has been operating in the audit market for 15 years, the number of full-time auditors is 9 people. In 2018, the head of this company decided to expand the provision of accounting outsourcing services. For this purpose, an advertising campaign was carried out in the media, but it did not bring significant results. In this regard, the management of the audit firm LLC "Vasily and Ko" asked us to help solve the problem associated with attracting new clients to provide accounting outsourcing services.

To study the problem, with the consent of the company's management, we interviewed employees of the audit firm Vasily & Ko LLC and some of its clients who are already provided with services related to accounting outsourcing.

Based on the results of the interview, it was found out that all the company's auditors rely on international and state standards of auditing when performing audits, but there were no internal audit standards.

The company's management did not see the need to introduce internal audit standards, explaining this by the fact that their employees have more than 8 years of professional experience and for this reason they do not need such standards.

According to the results of a survey of clients of the audit firm "Vasily and Ko" LLC, the following were found out:

They began to cooperate with this audit company not because of advertising in the media , but as a result of a positive recommendation from business partners ;

Clients have concerns about information leakage from their company and do not always provide the audit company with all accounting documents for review;

Clients do not have the ability to monitor the contractor's activities and do not always receive prompt advice;

There is no necessary operational accounting at their enterprise; since accounting documentation is provided for processing by the audit firm at the end of the month. Because of this , the solution of problems occurs late;

There is a risk of liquidation of the audit firm, and in this case, clients will need to either independently maintain accounting records or quickly search for a new partner.

Based on the results of our research, we proposed to introduce internal audit standards for the audit firm Vasily & Ko LLC, which would detail and regulate the main standards for performing audits. We have offered the following set of regulatory documents for the company:

1. Instructions for the preparation of a treaty on the conduct of the audit.
2. Instructions for studying the client's business features.
3. Instructions for evaluating the presence of errors or fraud on the part of the client.
4. Instructions for studying the client's control and accounting system.
5. Instructions for making recommendations to clients based on the results of the audit.
6. The standard defines the algorithm of functioning and organization of internal audit.
7. Standard regulating the conduct of audits for certain operations and activities.
8. Internal audit standards for each specific tax.
9. Standard of tax and accounting terminology.

7. Conclusion

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6. The standard defines the algorithm of functioning and organization of internal audit.
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8. Internal audit standards for each specific tax.
9. Standard of tax and accounting terminology.

The use of internal audit standards made it possible to reduce the complexity of conducting audits, increased control over the work of auditors, increased the level of quality of services provided, as well as their compliance with national and international audit standards.

In addition, the use of intra-company data has created an additional basis for resolving conflicts that may occur between auditors and tax authorities, clients and management of the audit firm.

As a result of the introduction of internal audit standards at the audit company "Vasily & Ko" LLC, the quality of audits has increased, as well as the satisfaction of the company's clients with the services they received.

The use of internal audit standards allowed the audit company to make the audit process more optimal and contributed to the creation of a unified approach to working with accounting documents, provided a higher quality of service to partners and reduced the risk of errors during audits.

Within a year after the introduction of internal audit standards for the audit company Vasily & Ko LLC, the company was able to increase the number of clients by 15%.

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