

FEATURES OF AUDITS IN THE BANKING SECTOR

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Abstract. The article demonstrates some of the features of audits in banks. The topic is relevant due to the fact that the difficult economic situation has damaged the country's economy. Entrepreneurs are trying to save money on many processes, including mandatory audits. At the same time, the external audit of the bank is extremely important for the entire national economy, there should be no inaccuracies in it. The conclusion of the article indicates the need to study the presented prospects and proposals for implementation in practice.

Keywords: audit, bank audit, audit, audit methods, audit prospects.

Introduction

An audit is an important verification that allows you to understand whether there are violations in the organization's reporting that demonstrate its improper functioning. An external audit of banks, that is, credit institutions, is mandatory and extremely important. The reason is that it is these organizations that keep depositors' funds. As a result, if the operation is carried out with violations, information forgery is possible, indicating that bankruptcy is approaching and it is urgently necessary to withdraw funds from all deposits of this bank. If a banking organization goes bankrupt suddenly, it is highly likely that an incorrect external audit will be conducted, or violations during the audit. The population, as a result of such incorrect activities, may lose some of their money, which will negatively affect the well-being of citizens. In the current crisis situation, this cannot be allowed, however, over the past ten years, more than two hundred banks have closed, either on their own initiative or as a result of the revocation of the license by the action of the Central Bank. As a result, the topic of the work is extremely relevant at the moment.

Banks are organizations that are of high importance to the entire economy. So, the first important aspect — the storage of funds by the population has already been noted. Here you also need to additionally specify the formation of the ability to manage finances in real time, receive income from them and perform some other operations. All this is important for a modern person. The second aspect is the storage and implementation of transactions with funds of legal entities. This element demonstrates the importance of banks for the economy as a whole. So, if the audit is carried out incorrectly, the stability of the entire system may be disrupted, economic disruptions and other negative consequences will begin to be observed. As a result, the government's decision on mandatory audit should be considered correct and necessary.

Analysis and results

At the moment, it is important for the auditor which license is issued by the bank. Its first type is a universal license, according to which the range of banking services is unlimited, but at the same time the legislative norms for such organizations have also been increased. The second type is the basic license. Its presence only makes it possible to function with Russian persons, all transactions with foreigners are prohibited. At the same time, the verification of such institutions has been significantly simplified, some types of checks are not applied to them, and the number of operations has been reduced in general. Regardless of the type of license, external auditors should comprehensively consider all the functioning of a commercial bank. First of all, active and passive operations are checked. They must necessarily be authentic, correctly evaluated, correctly displayed and legitimate. Each item is checked using different verification methods.

Since it is impossible to verify all transactions and there is no need for this, the auditor will study only a certain pre-selected volume based on the bank's assets, its profits and some other aspects. In practice, each audit firm calculates the volume of transactions independently, based on their opinion and the formula drawn up. Having determined the scope, the auditor needs to choose the methods and techniques of the audit. They depend on what kind of reputation the bank has formed in the audit community. Another important aspect is the degree of confidence in the correctness of the internal control carried out. Usually, control and analytical techniques are used in the audit of a bank, as well as a detailed study of transactions. Next, we will present each method in more detail. The group of control techniques includes the following: determining the level of control over the functioning of the bank by management; the use of computer systems in control functions; the existence of physical control, which is understood as checking the availability of property of a credit institution in kind and other actions. Based on the presented group, we conclude that all control techniques are directly related to the study of the level of supervision of operations.

The group of analytical techniques includes other actions: sending letters to customers in order to clarify the funds required according to the loan request; conducting an analysis regarding transactions or profits, and so on. As a result, the analytical group presents techniques by which an opinion is formed on the degree of analysis of the bank's functioning. It should be noted that the first two groups are relatively simple for auditors, as they are carried out quickly. At the same time, it is often impossible to limit ourselves to them, since they are not accurate enough. For this reason, a detailed study of operations has been created. According to the method, it is necessary to apply such techniques: conducting an audit of accounting documents; studying the reality of conducting transactions in fact; studying accounting; comparing records made, for example, in accounting and indicated according to the primary

document; studying counter transactions and so on. Thus, the techniques of this group make it necessary to implement numerous more complex operations that require recalculation, careful examination of documents, and so on. If such operations are carried out, it is safe to say that the bank's activities are conducted without violations.

It is a detailed study of operations that allows us to establish the most important facts about certain operations, for example, their legitimacy, correctness, originality of primary documents, absence of errors in calculations, and so on. As already mentioned, all operations of the bank are not checked, however, a continuous check can be applied if a difficult case has been identified for the counterparty or the operation was extremely important. Often, operations that the client cannot verify himself fall under continuous verification. These are, for example, intrabank transfers or the formation of an authorized fund. In most cases, other actions are subject only to random verification, since such an assumption will not give a significant error. Usually, when using spot checks, the auditor selects certain days for different periods and checks the operations performed. It is necessary that the periods do not coincide, this will make it possible to consider the randomness or consistency of the error. For example, you need to select one of the days in each month. A detailed study is the most time-consuming process, however, in most cases it is impossible to conduct a satisfactory audit without it. At the same time, the fewer risks the auditor identifies when studying a particular bank, the less detailed study will be applied. Note that there is another method that must be used by auditors — a preliminary audit. It is necessary in order to study a new client of an audit company. Admission is considered mandatory, since signing a contract with a new client without even a quick study can lead to significant problems. For example, significant problems may be found in its operation, it may take longer to check it, and so on. According to the general opinion of the auditors, it is better to retain old customers than to attract new ones, otherwise the risks will be high.

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which in most cases is unprofitable. With the help of a preliminary audit, it is possible to obtain information about the founders, partners, and management of the new counterparty. It will be important to form an opinion on how likely a positive conclusion will be issued based on the results of the audit, based on all available information, including regarding high-profile court cases. It should be noted that the preliminary audit should be carried out very quickly, while the capabilities of the inspectors are significantly limited. As a result, only the best auditors of the company carry out such an analysis. Often, the analyzing person cannot even examine the bank being checked on the spot, that is, it is impossible to arrive at the place of future verification before signing the contract. This makes it impossible to study many reports, primary documentation, and so on. As a result, it is necessary to form an opinion based on publicly available information: accounting reports, advertising, judicial practice and other sources. Methods of reducing the cost of auditing banks, as well as speeding up these processes, are now increasingly being observed. As a result, spot checks become the basis for such an audit, although, as already mentioned, many operations require continuous verification. In practice, we note that the so-called "pocket" auditors are gaining popularity. Often their audit reports are more or less fictitious. This can be proved by revoking the licenses of many banks in 2018 and 2020. According to many unmodified audit reports, the bank operates according to all laws, there are no problems in its work. At the same time, the institution's license is revoked in the same year. This problem creates the need to identify methods to reduce the audit time and cost without compromising quality. Information and communication technologies should be the key method here. Thus, it is proposed to introduce artificial intelligence and machine learning into the audit process. At the moment, these innovations are developing rapidly, and it is already possible to apply them in audit. Artificial intelligence could carry out continuous verification at a speed that is inaccessible even to a team of auditors. At the same time, in the case of continuous improvement of the program, the number of errors would be minimal. In general, analysis using artificial intelligence is now available in many areas, which means that such technologies are necessary in auditing, where it is also needed.

Conclusion

Summing up, we conclude that the financial market is extremely important for the modern economy. If its participants function with violations, the economy will be irreparably damaged. For this reason, mandatory audit of banks is important and necessary. The auditors have compiled a list of methods that allow for a different and complete analysis of any commercial bank. Despite this, firms are now trying to reduce their costs, and auditors are taking time for each client. As a result, the audit is not always carried out correctly, especially if they are representatives of a small audit. In the future, it is necessary to introduce the widespread use of information and

communication technologies, which can significantly reduce the complexity of many operations. They will also become a tool that has the ability to split the check into several components, making it less large-scale and costly. Despite such prospects, it is necessary to recommend strengthening responsibility for improper performance of an audit. Those responsible should be punished, at the moment this is not always the case. Thus, the proposed aspects can significantly improve the audit process in commercial banks, making it more transparent, simple and efficient.

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