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68. Audit in the European countries

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Introduction: Today, the internal and external audit in all foreign countries has certain peculiarities. Through the study of foreign experience in the sphere of audit it can be used to improve the effectiveness of the Ukrainian independent audit. The fact that many problems in the auditors' activity are related to drawbacks and imperfections in the normative basis regulating the audit activities as well as in the methodology of execution of audit also points out at the necessity to study the regulative requirements of audit.

Resources and methods: The following methods of research were applied in the given work: analysis and integration of aspects of considerable experience; analytical and

interpretative procedures; experts' assessments. Theoretical and methodical basis of the work: special literature on audit, accounting, published scientific papers and researches.

Results: Auditing is primarily regulated by the Law on Auditing, which outlines requirements for auditing firms and auditors in individual practice, regulates auditing methodology, and sets out the legal framework of operations for the Chamber of Auditors of Ukraine (UCA) and the Professional Public Union of Auditors of Ukraine. The UCA is responsible for approving audit regulations and standards, carrying out the certification of auditors, approving programs of professional training for auditors, and maintaining the register of auditing firms and auditors in individual practice that are eligible to provide audit services in Ukraine. The UCA adopted the International Standards on Auditing (ISA) as the Ukrainian standards with effect from 1 January 2004 [2].

In Latvia a considerable step in the creation of independent audit was taken in 1938, creating the Latvian Institute of Sworn Auditors, which operated under the supervision of the Latvian Chamber of Commerce and Industry. Now in Latvia the process of legislation's harmonization with the requirements of the EU is going on and rushing this process has led to implementation of inappropriate legal norms.

General requirements of the EU for those persons, who perform the audit of annual accounts and consolidated annual accounts, are set out in the EU Eight Directive of 1984. The further analysis shows, problems, mainly, appear in realization of norms of legislation in the work of independent auditors of Latvia and their professional associations, specifically, LASA (Latvian Association of Sworn Auditors).

As one of main events from renewal of independent audit in 90's of XX century can name the formulation of norms of ethics for the sworn auditors and the preparation and issue in 2000 the code of ethics of the sworn auditors. In this code the standards of conduct are formulated - the basic requirements, basic principles, their explanations and comments, and they represent what public waits for from the profession of an auditor [4].

In Poland the Local Government Act on March 8, 1990, the legislator took up the approach of a separate, special body of supervision and audit of the financial management of local governments. In practice it meant the establishment of a new institution – the Regional Chambers of Audit, the RIOs. The Regional Chambers of Audit Act was passed by the Sejm on October 7, 1992 and came into force on January 1, 1993.

An amendment of the Regional Chambers of Audit Act in 1997 led to the establishment of the National Council of Regional Chambers of Audit (the KRRIO), which is a body meant to coordinate the work of all the chambers and to represent the RIOs before other state bodies and entities.

Audit procedures are regulated in the Regional Chambers of Audit Act and in the Prime Minister's Decree of July 16, 2004 which defines RIOs' seats and territorial scope, the detailed organisation of each chamber which includes the number of members of each board, its procedures and applicable audit standards as specified in a KRRIO resolution [5].

Conclusions: Summing up the results of the research of audit activity organization in foreign countries, we can conclude that some elements of the organization of auditing activity are appropriate to adopt in Ukraine for improvement of auditing activities. To improve the audit activity in Ukraine a system of audit quality control should be created, stricter conditions to the quality of the audit and audit services should be set.

References

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