

A RESEARCH ON AUDIT PROCESSES AND EVIDENCE

Sabile Bllaca^{a *}

^a *Sabile Bllaca Kosovare, Gjialn, Gjilan and 60000, Kosovo*

Abstract

Auditing entails the systematic examination and assessment of an organization's financial procedures and records. Audit evidence comprises financial paperwork, audit reports, and auditor recommendations. The auditor employs audit evidence to evaluate the accuracy and compliance of financial paperwork with accounting standards. Audit evidence encompasses a range of documents such as invoices, contracts, bank records, loans, and other organizational expenses. Audit reports comprise the evaluator's evaluation and suggestions for enhancing the financial procedures of the firm.

Key words: Auditing, endorsements, financial statements, criteria, records, bills.

1. Introduction

An impartial, external third party originally offered the audit as a service. This party would conduct a thorough examination of the financial records and operations of the entity they were overseeing, typically for a one-year period. These auditors acted as the guardians of accountability during that time. In this context, the term "auditor," which translates to "auditors" in Albanian, is employed to denote the entity or group responsible for overseeing and validating. Conversely, "auditing," which corresponds to "auditing" in Albanian, refers to aspects pertaining to the process itself, encompassing the role, mission, purpose, and function of this undertaking. The term "auditors" refers to individuals who are appointed as "listeners" when the necessity for auditing services arises. Since ancient times, the comprehension of this concept has mostly revolved around the evaluation and discernment of

* Sabile Bllaca. ORCID ID.: <https://orcid.org/0009-0002-0142-7711>
E-mail: bllicasabile2@gmail.com

actions. The control or auditors in that era performed a range of functions, including analysis, legal expertise, provision of services, supervision, monitoring, and protection. They were responsible for various control or audit tasks and were required to report to the owner or manager.

Given the intricate and dynamic nature of the current economic landscape, the significance of control and auditing is continuously growing. Auditing is a crucial procedure for firms as it guarantees the accuracy and dependability of financial documents. Auditors employ distinct methodologies of observation and examination to authenticate the precision of financial records and ensure compliance with accounting principles. Auditing can be categorized as either internal or external. Internal auditing is conducted by the organization's staff, while external auditing is carried out by a dedicated auditing firm. Audit evidence is crucial for verifying the accuracy and reliability of financial documents and ensuring the organization's adherence to accounting standards.

Regarding the control process, while the term "control" may initially elicit negative connotations, its objective is actually positive: to verify that actions align with the intended plan. Fajoli provided a fundamental definition of control, stating that it involves the verification of adherence to the planned work plan, given instructions, and specified principles. Its responsibility is to identify vulnerabilities and potential errors and to take measures to prevent or rectify them if they arise. Effective control is crucial for an organization to successfully accomplish its objectives and activities. Peter Drucker asserts that control and the achievement of goals are identical.

Advanced auditing refers to the utilization of technology and sophisticated techniques to observe and assess an organization's financial records. Advanced auditing uses technological tools to scrutinize financial data and detect atypical patterns and trends. Auditors employ sophisticated techniques and cutting-edge technology to watch and assess the financial procedures of the firm and detect possible dangers and obstacles. Organizations with complex financial operations and a requirement to detect potential risks and issues greatly benefit from implementing advanced auditing practices.

Auditors must ascertain a comprehensive understanding of the company's processes, structure, and operations in order to generate a lucid depiction.

- Deployment of novel systems
- Product innovation

- Personnel (quantity, mobility)
- Staff's integrity
- Staff's expertise and qualifications.

Typically, for scheduled audits, the auditees get an audit program that outlines the specific areas of focus for the audit team in a clear and instructive manner. The auditors have completed the preparation phase for the field, process, or branch that will be audited. This phase is intended to gain an understanding of what will be audited, considering the following factors:

The elements encompassed inside the organization include its structural framework, personnel composition, and expertise, as well as its established protocols for conducting operations.

The domain, potential issues, the software or apps used, and the generation of specialized reports for activity tracking.

During the field phase of an audit, auditors closely observe and assess the functioning of the audited entity.

Is the control system functioning properly, and are the operational procedures sufficient?

Are there any issues encountered during the implementation of processes by the staff?

Interviews with the auditees are essential for gaining a thorough understanding of the audited scope. Similarly, the corresponding paperwork that supports each transaction is also crucial. The analysis phase of an audit concludes on the final day of the audit on-site. All materials and documentation that have not been presented to the audit group by

Those days are deemed inaccessible. The audit team has the authority to decide whether or not to accept papers and material after this date. Nevertheless, this is regarded as a shortcoming.

2. Method

The appropriate approach for this subject matter is the strategy that will assist in the completion of the diploma's requirements. Consequently, to achieve the most accurate representation, I employed the following research methodologies:

The utilization of scientific literature; both quantitative and qualitative methods; and the historical technique.

The quantitative technique is a research approach that focuses on the analysis of numerical data and other easily observable variables. Basic techniques for scientific literature After analyzing the substance of the literature, I have found that the easiest parts to write are the extracts. These extracts have provided me with concrete conclusions, which are usually based on specific data. The quantitative method serves as the foundation for deriving numerous formal theories in the fields of economics and business administration. I am constrained by comparing the measurements of the financial sector with previous occurrences. I have closely monitored the progress of the evolving sectors and their changing requirements. Through this approach, I have consistently observed positive advancements in financial development. Emphasis is placed on lending and the specific purposes for which families utilize the loan funds.

Qualitative methodology involves conducting unstructured interviews with various auditors, particularly those in managerial positions at different auditing firms, who possess significant financial experience.

We have been engrossed in historical data, particularly in relation to financial phenomena such as financial reports and responsible analysis through audit and control procedures.

3. Results

Auditing originated as a service provided by an impartial third party that assessed and examined the responsibility for the activity it managed and supervised (the activity for which they were accountable, typically for a duration of one year), and eventually was also established at various intervals throughout the year.

Despite the significant time gap since the inception of this service, it is true today that the need for audit services is grounded in the same fundamental principle. Therefore, the conclusion is that:

The process of auditing is one that a unbiased third party performs, typically under contract with government agencies for the public sector or professional accounting and auditing organizations for the private sector. This third party, known as an auditor, assesses the financial records and performance of an organization or institution. They focus on the accountability of managers at various levels, such as executive directors in the private sector or heads of institutions in the public sector, for a specific period, usually one year.

Every company and public institution requires both internal and external audits. Internal Audit cannot independently certify the organization's balance sheets due to a conflict of interest, as it would be certifying its own work. Instead, internal audit provides guidance to senior management for enhancing the financial management and control system. To enhance the audit function, it is imperative to have competent and certified personnel who possess extensive expertise and qualifications, demonstrating their proficiency in both domestic and international legal frameworks and accounting principles. The challenges of aligning theoretical concepts with practical applications and real-world scenarios have persisted in the past and will persist in the future. While some countries provide updates on the current status of their codes, laws, guidelines, and regulations, other countries introduce new, enhanced, and more comprehensible versions of their legal frameworks.

4. Suggestions

The suggestions of the study can be stated as follows:

- further administrative integration for the entities in order to publish a consolidated overview prepared from the records of the ministry and not from the records of the Treasury.
- To strengthen the control of the reservoir, which requires procurement procedures and small amounts of money or cash to be in accordance with the laws and regulations in force,.
- To fully respect the law "on the management of public finances and responsibilities".
- To fully respect the "Law on Public Procurement in Kosovo".
- To respect "administrative "financial instruction" and "financial regulations on Treasury deposits—spending of public money.".
- All completed files, either procurement or personnel, have a unique form and structure.

References

- Impact of Remittances on Kosovo's Economic Development and Poverty Reduction. (2023, June 1). <https://Calitatea.Ro/DefaultCalitatea.aspx>, 24.195.41(1582–2559), 347–359. <https://doi.org/10.47750/QAS/24.195.41>
- Llukani, T., & Karapici, V. (2013, July). Earnings Management: Obvious Phenomenon in Albanian Market. *Academicus International Scientific Journal*, 8, 78–88. <https://doi.org/10.7336/academicus.2013.08.03>
- Jakupi, S. Z., & Statovci, B. (2017, February 28). The implementation of Accounting Standards, a necessity of global financial reporting and accounting standards for businesses. *International Journal of Management Excellence*, 8(2), 968–972. <https://doi.org/10.17722/ijme.v8i2.891>
- Statovci, B., & Jakupi, S. (2017, April 16). Fiscal Policy Reforms in Kosovo. *International Journal of Management Excellence*, 8(3), 985. <https://doi.org/10.17722/ijme.v8i3.317>
- Berisha, F., & Berisha Hamza, F. (2020). National Sovereignty and State of Law. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3539613>
- Karapici, A., & Karapici, E. (2016, December 19). A COMPARATIVE EMPIRICAL ANALYSIS OF FINANCIAL DEVELOPMENT INDICATORS BETWEEN TRANSITION ECONOMIES AND DEVELOPED ONES. *Metody Ilościowe W Badaniach Ekonomicznych*, 17(4), 69–80. <https://doi.org/10.22630/mibe.2016.17.4.07>
- Karapici, A., & Karapici, E. (2016, December 19). A COMPARATIVE EMPIRICAL ANALYSIS OF FINANCIAL DEVELOPMENT INDICATORS BETWEEN TRANSITION ECONOMIES AND DEVELOPED ONES. *Metody Ilościowe W Badaniach Ekonomicznych*, 17(4), 69–80. <https://doi.org/10.22630/mibe.2016.17.4.07>
- Cutforth, T., DeMille, M. M., Agalliu, I., & Agalliu, D. (2016, February). CNS autoimmune disease after Streptococcus pyogenes infections: animal models, cellular mechanisms and genetic factors. *Future Neurology*, 11(1), 63–76. <https://doi.org/10.2217/fnl.16.4>
- Everitt, H., Baldwin, D. S., Stuart, B., Lipinska, G., Mayers, A., Malizia, A. L., Manson, C. C., & Wilson, S. (2018, May 14). Antidepressants for insomnia in adults. *Cochrane Database of Systematic Reviews*, 2018(5). <https://doi.org/10.1002/14651858.cd010753.pub2>

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the Journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (CC BY-NC-ND) (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).