

СЕКЦІЯ 2

НАПРЯМИ РОЗВИТКУ АУДИТУ В УКРАЇНІ ТА СВІТІ: ДОСВІД ТА ПЕРСПЕКТИВИ

Buderchyk Anastasiia
student 51 gr. FMAIT
Odesa National Economic University

Artiukh Oksana
Doctor of Economics, professor
Associate professor of Accounting, Analysis and Auditing Department,
Odesa National Economic University
Odesa, Ukraine

PROBLEMS WITH THE IMPLEMENTATION OF INTOSAI STANDARDS IN THE INTERNAL CONTROL SYSTEM OF DOMESTIC COMPANIES

In the basic model of the European Union, financial control includes state internal financial control, external audit, protection of the financial interests of the European Union and fraud prevention. Ukrainian companies should understand the context of further development of accounting, reporting and control in general when choosing the path of development towards the EU.

In today's global context, where financial and business requirements are becoming increasingly complex, the implementation of the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) in the internal control system of domestic enterprises is of particular importance. Internal control is a key element of the management system aimed at achieving efficiency, reliability and compliance with internal norms and standards. However, there are various challenges and obstacles that hinder the implementation of these international standards at the internal level of enterprises. Detailed analysis of these challenges will help to identify the key aspects that should be considered for the successful implementation of INTOSAI standards and the improvement of the level of internal control in domestic companies.

The International Organisation of Supreme Audit Institutions (INTOSAI) is the highest international forum for the general audit community. Its main objective is to support and enhance the effectiveness and independence of public audit institutions, particularly in the areas of financial control, public financial audit and management audit. INTOSAI helps to establish standards and principles of professional practice for government finance auditors, facilitates the exchange of experience and best practices among members, and promotes professional ethics in the field of public finance audit. INTOSAI's main objectives include improving the quality and effectiveness of auditing, ensuring the independence of auditors and increasing public confidence in financial management [1].

The Accounting Chamber of Ukraine has represented our country in INTOSAI since 1998, the Accounting Chamber of Ukraine was established and operates in accordance with the Constitution of Ukraine adopted in 1996, the Budgetary Code of Ukraine, the Law of Ukraine "On the Accounting Chamber" (dated 02.07.2015), other regulatory legal acts of Ukraine [2].

Despite the international importance of INTOSAI standards, they are not mandatory for use by member countries, but are only advisory in nature. In practice, each country will have to develop the standards in accordance with the requirements of its legislation and the realities of its own country.

As for the internal control system in Ukraine, it is not a state-regulated system, which means that each company determines the internal control system at its own option.

Considering the main factors that may be problematic for the implementation of INTOSAI standards in the internal control system of domestic companies, the following should be highlighted:

1. *Business owners often do not understand* the nature, purpose and objectives of internal control and do not pay due attention to building an effective system of its implementation [3].

2. *Limited human resources*, particularly in terms of staff skills, are another significant obstacle to establishing and maintaining an effective internal control system in line with INTOSAI standards. Developing and operating a robust internal control framework requires skilled professionals with expertise in areas such as auditing, risk management, compliance and information technology. However, many domestic companies may lack the personnel with the necessary qualifications and experience to design, implement and monitor such complex systems. One challenge is the lack of professionals in the workforce with specialised knowledge of international auditing standards and practices. Training existing staff or recruiting new talent with the necessary skills can be time consuming and costly.

3. *Financial difficulties* are a significant challenge when establishing or adapting an internal control system to comply with INTOSAI's international standards. Implementing comprehensive internal controls requires significant financial investment, whether it is building a system from scratch or upgrading an existing one. Many domestic companies may already be operating on tight budgets, and allocating resources to such efforts may strain their financial capabilities. In addition, the process of adapting to international standards often involves additional expenditure on training, consultancy and technology upgrades, further straining companies with limited financial resources. As a result, the financial aspect becomes a critical consideration that may slow or prevent the adoption of INTOSAI standards within domestic entities. In addition, financial constraints may lead to compromises in the quality or scope of internal control measures implemented, undermining their effectiveness and limiting the entity's ability to comply with international standards and regulatory requirements.

4. *The language barrier* can be a serious obstacle to the successful implementation of INTOSAI standards in the internal control system of domestic entities. It makes it difficult to understand the text of standards and documentation, which can lead to inaccurate interpretation and implementation. The translation of standards may also be incomplete or inaccurate, creating the risk of different understandings of the requirements. In addition, language barriers make it difficult for auditors to communicate and share experiences during working meetings and training sessions.

Against this background, the main tasks for the promotion of ISSAI are to translate the standards into national languages, to exchange experiences and to cooperate with organisations that have already implemented ISSAI, to organise training seminars on specific topics (e.g. on performance or compliance auditing), to collect useful information, guidance and methodological materials on successful experiences in implementing ISSAI and to disseminate this information to other Supreme Audit Institutions [4]. In the context of implementing INTOSAI standards in the internal control system of domestic enterprises, a number of important challenges and obstacles have been identified that may complicate the process. However, despite these challenges, it is important to consider the implementation of INTOSAI standards as a key stage in improving the efficiency, reliability and transparency of financial and economic activities of domestic enterprises. To this end, special attention should be paid to developing strategies for attracting and developing qualified personnel, efficient use of financial resources, and the use of modern technologies and methods to optimise internal control processes. Addressing these issues can help ensure compliance with international standards, increase confidence in financial management, and ensure sustainable growth of domestic enterprises in the international market.

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Iachimovschi Anatolie

*PhD in Economics, Associate professor of
Accounting, Auditing and Economic Analysis Department
Academy of Economic Studies of Moldova
Chişinău, Republic of Moldova*

HARMONIZATION OF AUDIT ACTIVITY IN THE REPUBLIC OF MOLDOVA WITH EUROPEAN GOOD PROFESSIONAL PRACTICES

The reforms in the field of auditing that have taken place in the Republic of Moldova have been marked by a series of normative elaborations in line with European regulations. The Republic of Moldova is committed to transposing into national law the provisions of the EU acquis in the field of corporate financial reporting. The commitment is ratified by the Parliament of the Republic of Moldova on the basis of the Association Agreement between the Republic of Moldova, of the one part, and the European Union and the European Atomic Energy Community and their Member States, of the other part. The harmonization of the legislative and regulatory framework in the field of auditing with international best practices is a prerequisite for ensuring favorable conditions for improving the quality of auditing services.

The scientific investigations carried out on this research topic aim to identify and propose solutions on facilitating the implementation process of the new legislative provisions, as well as to express opinions on how to harmonize the audit activity in the Republic of Moldova with the regional requirements based on the provisions of Directive 2006/43/EC on statutory audit of annual accounts and consolidated accounts, the European Union Regulation No.537/2014 of the European Parliament and the compliance with the commitment undertaken under the Association Agreement between the Republic of Moldova and the European Union.

At the same time, the study aims to express the opinion on the advantages and disadvantages of these developments at the stage of harmonization of the audit profession with international practices. Within the framework of the research topic, the normative acts in the field were investigated, as well as the international good practices in the audit profession, aiming to highlight the role of reforms in ensuring the quality of services in this field. This research is an empirical investigation to determine whether the new harmonizations in the field of auditing determine the performance of the audit assignment in the context of the current requirements of professional standards.

The Association Agreement, in Annex II to Chapter 3 "Company law, accounting and auditing and corporate governance" of Title IV provides for the commitment to implement the provisions of Directive 2006/43/EC. The Republic of Moldova is also committed under this chapter to progressively approximate its legislation to the Commission Recommendation of 5 June 2008 on