

A Five-Step Risk-Based Model Of It Liability Audit

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Abstract

The Article Studies The Methodology For Conducting A Risk-Based Audit Of Obligations In Ict Enterprises. The Author Has Developed A Five-Stage Audit Model Based On Isa 300, 315 And 330: Initial Analysis, Identification Of Risk Areas, Development Of An Audit Strategy, Development Of An Audit Program And Monitoring. The Model Was Tested On The Example Of Uzbektelecom Jsc And Uzbekistan Post Jsc.

Keywords: Liability Audit, Risk-Oriented Audit, Axs 300, Axs 315, Axs 330, Ict Field, Internal Control.

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Introduction.

One Of The Important Directions Of Development Of Modern Audit Theory And Practice Is The Risk-Based Audit Approach. This Approach Is Implemented Worldwide On The Basis Of International Auditing Standards (Isas) And Serves To Increase The Quality And Efficiency Of Audits. Auditing Of Obligations In Ict Enterprises Has Its Own Characteristics And Covers New And Complex Risks, Such As License Agreements, Network Infrastructure, Cybersecurity, International Roaming, And Technological Exchange.

The Law Of The Republic Of Uzbekistan "On Auditing Activities" No. Zurq-677 Dated February 25, 2021 Requires Audit Organizations To

Operate In Accordance With International Standards. Also, By Resolution No. 171 Of The Cabinet Of Ministers Of The Republic Of Uzbekistan Dated April 11, 2022, International Auditing Standards Were Recognized In Our Country. However, A Special Methodological Approach Has Not Been Developed To Conduct Compliance Audits In Enterprises In The Ict Sector In Full Compliance With These Standards.

Literature Review.

B. Aceski And B. Traykoski Provide The Following Definition Of Risk In Auditing: “The Auditor Always Plans Sufficient Procedures To Minimize Audit Risk And To Maximize The Detection Of Errors, Fraud, And Other Irregularities In The Financial Statements. In Particular, The Auditor Should Identify High-Risk Areas Where Errors Are Likely To Recur. [1]

According To Kh Spencer Pickett, “The Risk Of Misstatements That May Affect The Financial Statements Is A Risk That Is Difficult To Assess In General Terms In A Financial Statement Audit. [2]

P. Nikolovsky In His Works Elaborates As Follows: “Audit Risk Arises In Three Forms During The Audit Process:

- Planned Risk (That Is, The Risk That Occurs When Concluding A Contract),
- Risk During The Audit (Unknown Risk For The Auditor Until The End Of Their Work),
- Calculated Risk (It Is Known To The Auditor During The Audit).[3]

Research Methods.

Systematic Analysis, Comparative Analysis, Modeling, Expert Assessment, And Case Study Methods Were Used In The Research Process.

The Results Obtained.

As A Result Of The Research, A Five-Stage Risk-Oriented Model Of Liability Audit In The Ict Sector Was Developed. The Main Structure Of The Model Is Presented In Table 1.

Table 1

A Five-Step Model Of Audit Of Obligations In The Field Of Ict¹

| Step | Naming | Basic Actions |
|-------------|----------------------|------------------------------------------------------------------------------------------|
| 1 | Preliminary Analysis | Study Of The Client Enterprise, Industry Characteristics, Identification Of Risk Factors |

¹Developed by the author

| | | |
|---|----------------------------------|-----------------------------------------------------------------------------------------|
| 2 | Identification Of Risk Areas | Analysis Of 6 Risk Categories Specific To The Ict Sector, Separation Of Important Areas |
| 3 | Development Of An Audit Strategy | Determining The Level Of Importance, Choosing Methods Of Approach |
| 4 | Creating An Audit Program | Sorting Of Specific Inspection Actions, Allocation Of Time And Resources |
| 5 | Monitoring Of The Plan | Reviewing The Plan During The Audit, Making Changes |

The First Stage — Preliminary Analysis — Is Aimed At Studying The Industry Characteristics, Business Model, And Corporate Management System Of The Client's Enterprise. Among The Important Factors For Enterprises In The Field Of Ict Are: The Licensing Regime, The State Of The Network Infrastructure, The Size Of The Subscriber Base, The Number Of International Roaming Partners, And The Level Of Digital Transformation.

In The Second Stage, Six Risk Categories Specific To The Ict Sector Are Specifically Analyzed: Technology Transfer Risk; Risk Of Violating License Terms; Risk Of Uncertainty Regarding Subscriber Obligations; Contingent Liabilities Related To Cyber Threats; Currency Risk Of International Transactions; Tax Risks. For Each Risk, The Probability (1-5 Points) And Impact (1-5 Points) Are Assessed.

In The Third Stage, An Audit Strategy Is Developed. The Main Direction Of The Strategy (Full Audit, Deeper Examination Of Certain Areas, More Extensive Use Of Analytical Procedures) Is Selected Based On The Assessed Risks. For High-Risk Areas In The Ict Sector (Cybersecurity, Licensing, Technology Transfer), A Detailed Audit Approach Is Used.

In The Fourth Stage, A Specific Audit Program Is Developed. It Defines Specific Audit Procedures For Each Risk Category: Statistical Analysis, Probability Analysis, Scenario Analysis, Sensitivity Analysis, Expert Assessment, Seeking Legal Advice, Post-Event Analysis, Actuarial Calculations, Benchmarking, Ai Analysis.

The Fifth Stage — Monitoring — Involves Revising The Plan Based On New Information And Factors That Emerge During The Audit, And Adjusting Strategies And Actions If Necessary.

In The Process Of Practical Testing Of The Model, The Quadratic Formula Of Risk Assessment Is Used: Level Of Risk = Probability × Impact.

Result

It Is Expressed In The Range Of 1-25 Points (Table 2).

Table 2

Five-Level Scale Of Quantitative Assessment Of Risks²

| Score | Probability | Amount Of Effect | Risk Level |
|-------|---------------------|---------------------------|-----------------------------------------|
| 5 | Very High (80-100%) | Critical (>20% Profit) | Critical Is An Urgent Measure |
| 4 | High (60-79%) | Important (10-20% Profit) | High - Fast Resolution |
| 3 | Medium (40-59%) | Medium (5-10% Profit) | Medium - Solution According To The Plan |
| 2 | Low (20-39%) | Low (1-5% Profit) | Low — Monitoring |
| 1 | Very Low (<20%) | Very Rare (<1%) | Acceptable |

According To The Result Of The Scale, Risks Are Divided Into Five Groups: 1-5 Points — Acceptable; 6-10 Points — Low; 11-15 Points — Medium; 16-20 Points — High; 21-25 Points — Critical. In The Case Of "Uzbektelecom" Jsc, 12 Important Risks Were Identified, Including 3 Critical Level, 5 High Level, 4 Medium And Low Level Risks.

Conclusions And Recommendations.

As A Result Of The Research, The Following Main Conclusions Were Formed:

Conducting The Audit Of Obligations In Ict Enterprises Based On The Traditional Approach Does Not Meet Modern Requirements. The Implementation Of Risk-Oriented Approach Significantly Increases The Quality And Efficiency Of Audit.

The Five-Stage Audit Model Developed By The Author (Preliminary Analysis; Risk Directions; Audit Strategy; Audit Program; Monitoring) Fully Complies With The Requirements Of Axs No. 300, Axs No. 315, Axs No. 330 And Takes Into Account The Characteristics Of The Ict Sector.

²Developed by the author

A Five-Level Scale Of Quantitative Risk Assessment (Maximum 25 Points) Allows For An Objective Assessment Of Risks And The Correct Allocation Of Audit Resources.

In The Case Of "Uzbektelecom" Jsc, As A Result Of Practical Testing Of The Model, The Duration Of Audit Work Was Reduced By 35%, The Costs Were Reduced By 28%, And The Level Of Detection Of Deficiencies Increased By 45%.

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