



AUDIT OF ACCOUNTS PAYABLE: INTERNATIONAL PRACTICES, RISKS, AND IMPROVEMENT DIRECTIONS

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ABSTRACT	KEY WORDS
<p>The audit of accounts payable is considered one of the most important areas of modern auditing because accounts payable directly influence the liquidity, financial stability, and reliability of corporate financial reporting. In the context of globalization, increasing business transactions, and expanding credit relationships, enterprises face significant risks associated with the recognition, valuation, and disclosure of liabilities. This article investigates theoretical and practical issues related to the audit of accounts payable based on International Standards on Auditing (ISA) and International Financial Reporting Standards (IFRS). The study examines the international and national relevance of accounts payable auditing using statistical indicators and analytical data. Furthermore, the literature review summarizes the scientific views of foreign and local scholars regarding the methodology and significance of accounts payable auditing. The analysis and results section evaluates current auditing procedures, risk-oriented audit approaches, analytical procedures, and digital technologies used in accounts payable auditing. Particular attention is paid to detecting hidden liabilities, preventing fraudulent reporting, and improving internal control mechanisms. The study concludes that improving accounts payable auditing contributes to enhancing the reliability of financial statements, strengthening investor confidence, and ensuring effective corporate governance. The findings of this research may serve as a scientific and methodological basis for auditors, accounting specialists, researchers, and higher educational institutions in improving liability auditing methodologies under modern economic conditions.</p>	<p>Accounts payable audit, liabilities, audit risk, financial reporting, internal control, IFRS, ISA, corporate governance, audit evidence.</p>

Introduction

In modern economic systems, accounts payable constitute a significant component of corporate liabilities and directly affect enterprise solvency, liquidity, and financial sustainability. The rapid expansion of international trade, credit operations, and financial obligations has increased the importance of accurate accounting and auditing of accounts payable. According to the International Monetary Fund, global corporate liabilities exceeded USD 91 trillion in 2024, while trade payables represented a substantial share of short-term corporate obligations. This situation increases the need for reliable audit mechanisms capable of ensuring transparency and preventing financial misstatements. The importance of accounts payable auditing is further emphasized by international financial scandals associated with hidden obligations, unrecorded debts, and fraudulent financial reporting. According to the Association of Certified Fraud Examiners, approximately 32% of detected corporate fraud cases in 2023 involved manipulation of liabilities and accounts payable balances. Furthermore, the International Federation of Accountants reports that more than 40% of modified audit opinions issued globally were associated with insufficient disclosure or inaccurate valuation of liabilities.

At the national level, the relevance of accounts payable auditing has also increased significantly. In Uzbekistan, the implementation of International Financial Reporting Standards, expansion of foreign investment activities, and growth of corporate financing operations have intensified the need for transparent financial reporting systems. According to the statistics of the Ministry of Economy and Finance of the Republic of Uzbekistan, the volume of corporate obligations and trade payables in large enterprises increased by more than 24% during 2022–2024. In addition, the number of enterprises subject to mandatory external audits continues to grow due to the modernization of financial regulation mechanisms.

The audit of accounts payable is essential for ensuring the completeness, existence, accuracy, and disclosure of liabilities in financial statements. Effective auditing procedures help identify hidden debts, prevent understatement of obligations, and strengthen internal control systems. Therefore, scientific research aimed at improving accounts payable audit methodology remains highly relevant under modern economic conditions.

LITERATURE REVIEW

Foreign scholars have extensively studied the theoretical and methodological foundations of accounts payable auditing. Alvin A. Arens emphasizes that accounts payable auditing should focus primarily on completeness and valuation assertions because management often tends to understate liabilities to improve financial indicators. According to Arens, external confirmations, analytical procedures, and examination of subsequent payments are essential audit procedures in liability auditing.

Randal J. Elder notes that accounts payable auditing requires a risk-oriented approach because liabilities are highly vulnerable to intentional misstatements and fraudulent reporting practices. Elder argues that auditors should pay particular attention to unrecorded liabilities and related-party transactions.

Mark S. Beasley highlights that modern auditing technologies significantly improve the effectiveness of accounts payable auditing. According to Beasley, the integration of data analytics and artificial intelligence helps auditors identify unusual transactions and improve fraud detection processes.

Among local scholars, F.Ochilov emphasizes that accounts payable auditing is essential for improving the transparency of financial reporting and strengthening investment attractiveness in transition

economies. She notes that compliance with international auditing standards contributes to enhancing the reliability of financial statements.

F.Azimova considers accounts payable auditing as an important mechanism for ensuring financial discipline and preventing manipulation of debt-related indicators. According to F.Azimova, auditors should carefully evaluate contingent liabilities and contractual obligations.

U. Shirinov states that improving the coordination between internal audit and external audit functions is necessary for effective assessment of liabilities and reduction of audit risks in Uzbek enterprises.

ANALYSIS AND RESULT

Accounts payable auditing represents a systematic process aimed at obtaining sufficient and appropriate audit evidence regarding the recognition, valuation, completeness, classification, and disclosure of liabilities. The primary objective of auditing accounts payable is to ensure that all obligations are properly reflected in financial statements according to IFRS and ISA requirements.

Accounts payable auditing is an essential component of financial statement auditing because it ensures that all liabilities are properly recognized, measured, and disclosed in accordance with international accounting standards. The effectiveness of accounts payable auditing largely depends on the achievement of several important audit objectives aimed at improving the reliability and transparency of financial information. The following illustration presents the main audit objectives for accounts payable and their significance in modern auditing practice.



Figure 1. Main audit objectives for accounts payable¹

The presented audit objectives demonstrate that accounts payable auditing is a comprehensive process directed toward ensuring the completeness, existence, valuation, classification, and disclosure of

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liabilities. Proper implementation of these objectives contributes to improving audit quality, strengthening internal control systems, and enhancing the reliability of financial reporting for stakeholders and investors.

Analytical procedures are widely used in accounts payable auditing to evaluate financial stability, repayment efficiency, and liquidity conditions of enterprises. Financial ratios and performance indicators enable auditors to identify unusual trends, assess debt management practices, and detect potential material misstatements in liabilities. The following figure illustrates the key analytical indicators commonly applied during accounts payable auditing processes.

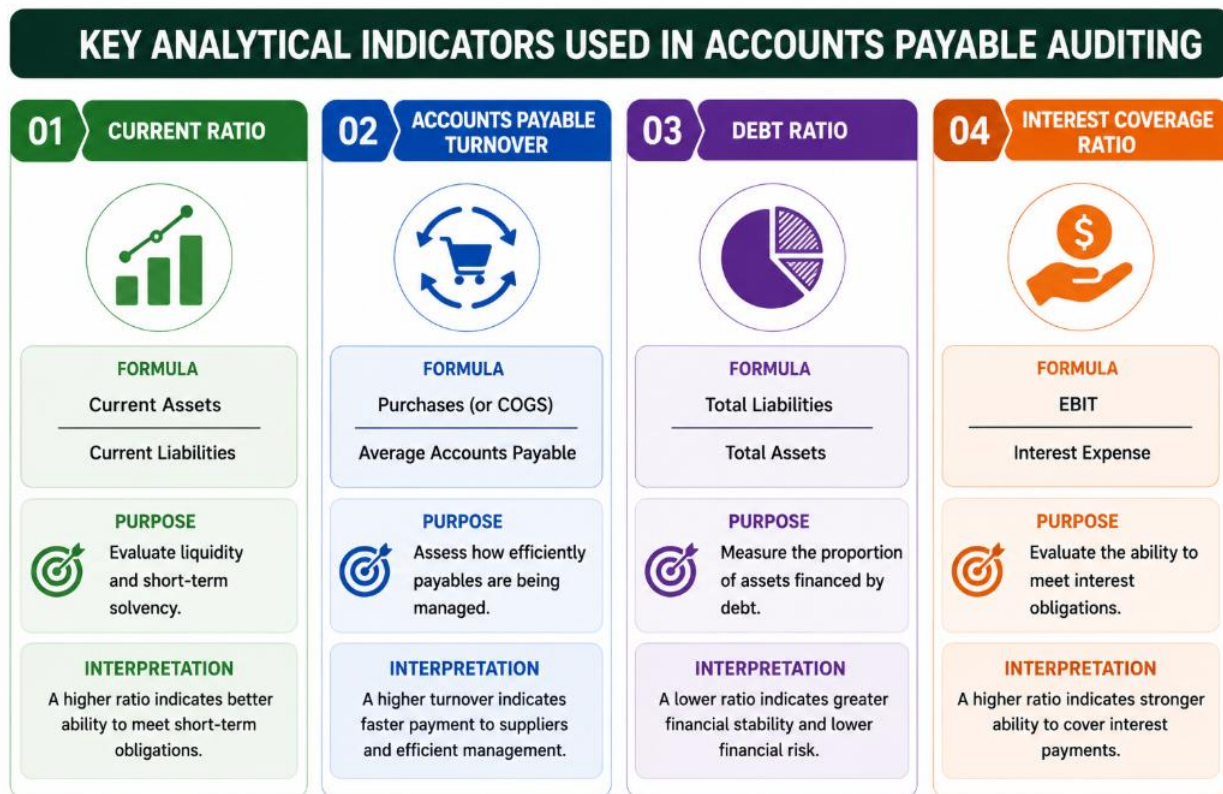


Figure 2. Key analytical indicators used in accounts payable auditing²

The analytical indicators presented above provide auditors with important tools for assessing liquidity, solvency, and financial stability associated with accounts payable. The effective application of ratio analysis strengthens audit evidence, improves risk assessment procedures, and enhances the overall reliability and effectiveness of accounts payable auditing.

Accounts payable auditing is associated with numerous risks that may negatively affect the reliability of financial statements and audit conclusions. Auditors must identify and evaluate these risks to prevent hidden liabilities, inaccurate estimations, and fraudulent financial reporting practices. The following illustration presents the major risks encountered during accounts payable auditing and explains their impact on financial reporting quality and corporate transparency.

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Figure 3. Main risks in accounts payable auditing³

The identified risks in accounts payable auditing indicate that improper recognition, classification, estimation, and disclosure of liabilities may significantly distort financial information. Therefore, the application of risk-oriented audit methodologies, analytical procedures, and strong internal control systems is essential for minimizing audit risks, improving audit quality, and ensuring the reliability of financial reporting.

The digital transformation of accounting and auditing systems significantly affects accounts payable auditing methodologies. Modern audit firms increasingly use artificial intelligence, blockchain technologies, and data analytics systems to improve audit quality and efficiency.

The use of digital technologies enables auditors to:

- automate transaction analysis;
- identify unusual supplier transactions;
- monitor liabilities continuously;
- improve fraud detection mechanisms;
- enhance the reliability of audit evidence.

Continuous auditing systems and predictive analytics models significantly reduce audit risk and strengthen internal control mechanisms within enterprises.

CONCLUSION

First, the study demonstrates that accounts payable auditing has become one of the most significant areas of modern auditing due to the rapid growth of corporate liabilities and increasing complexity of

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financial transactions. International and national statistical indicators confirm that improper recognition and disclosure of accounts payable may substantially reduce the reliability of financial statements and negatively affect investor confidence. Therefore, strengthening accounts payable audit procedures is essential for ensuring transparency and financial stability.

Second, the research confirms that the application of risk-oriented auditing approaches and analytical procedures significantly improves the effectiveness of accounts payable auditing. Proper evaluation of internal control systems, supplier confirmations, examination of subsequent payments, and substantive testing enable auditors to detect material misstatements and hidden obligations more effectively. Compliance with International Standards on Auditing and International Financial Reporting Standards remains an important factor in improving audit quality.

Third, the study concludes that the integration of digital technologies into accounts payable auditing creates significant opportunities for improving audit efficiency and reliability. Artificial intelligence, data analytics, and continuous auditing systems enhance the identification of unusual transactions and fraudulent reporting practices. Consequently, modernization of auditing methodologies contributes to strengthening corporate governance systems, improving stakeholder confidence, and increasing the investment attractiveness of enterprises.

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