

AUDIT'S ROLE IN INCREASING PERFORMANCE AND FINANCIAL REPORTING FOR ENTERPRISES

Fatmir Mehmeti

Audit Company "Etika", fatmir_mehmeti@yahoo.com

Abstract

Audit is a process of verification of contentions of management over financial statements. The role of audit has an impact in increasing the quality of financial reports; it also influences directly the improvement of performance of the company and the modern and essential understanding of determining the quality, from the viewpoint of diversity and characteristics and multitude of claims made by users of financial reports.

Lack of transparency in companies' financial statements led to the financial crisis. Continuous monitoring is a process that must be evaluated by the internal auditor, in order to monitor whether management is acting on the basis of business policies, procedures and processes, namely whether it is operating effectively. Audit of financial statements increases the quality of financial statements where these audit statements recommendations are always drawn up in conformity with international standards for financial reporting. Even though we lack of legal infrastructure for financial reporting, audit is playing an important role in the consolidation of financial statements in conformity with international standards. Non-presentation of financial statements based on International Financial Reporting Standards shows that the not presented the real situation of enterprise. These outcomes have an effect to the users of financial statements such as investors, banks, governmental institutions. Furthermore, auditing should be considered as a driving force in improving the quality of financial statements. Continuous audit usually enables auditors to assess the adequacy of manager's function and conduct monitoring with the view of identifying and assessing the fields of risk.

Keywords: International Financial Reporting Standards, financial statements, audit, internal audit, monitoring, control, monitor.