

Innovations in the Azerbaijan Auditing Activity

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Abstract: The relevance of the study is predetermined by the fact that in the current world, innovation is a critical factor in economic development. This article aims to reveal the actual issues related to the application and trends of the development of innovative technologies in modern auditing activities in Azerbaijan. The research aims to determine the main modernized technologies applied at different stages of auditing activity in Baku and analyze their influence on the whole process of accounting and auditing. The basic directions of research are predetermined by the insufficiency of theoretical and methodological development of the given question, and its growing practical importance. The primary method of the research is the analysis of the most popular and effective digital technologies in accounting, the definition of the necessity of their synthesis in audit activity, and the analysis of prospects of development of digital technologies in general. Ways of further development of the most effective technologies were also modeled. Materials of international specialists, allowing comprehensive consideration of the importance of introducing digital technologies in auditing activities in modern conditions, were investigated. An analysis of modern approaches to the training of young highly qualified auditors on the example of the Azerbaijan State University of Economics was also completed. As a result of the study the main popular digital technologies in the industry of production management, based on current trends in this area were considered.

Keywords: Economics, Modernized Technologies, Bookkeeping Activity Digitalization, Management Decisions, Digital Transformation.

JEL Codes: M42, M40, M4.

1. INTRODUCTION

Economy innovative development has significantly increased the requirements for the quality of account information. For modern management decisions verification of reporting data by external audit and control of financial indicators formation from the position of internal audit become necessary attributes. All this underlines the importance of audit as a special form of financial control. After gaining independence, Azerbaijan needed radically transformed approaches to the organization of the economy, which would consider the national and economic interests of the country. For optimal development of audit in such conditions, it is necessary to support the related spheres as well. It concerns for instance accounting, finance, jurisprudence, and technologies. The audit is first of all an audit of bookkeeping, taxation, and financial statements. Consequently, to improve such an audit process it is necessary to modernize the financial statements, add to them the aspects of innovative activities, to make other necessary data related to this industry (Andrusiv et al., 2020; Moldagozhieva et al., 2017).

The problem concerning the introduction of innovations in auditing activities is popular in the modern scientific environment. This issue has been studied by such specialists as,

for example, R.V.S. Kizi (2020), G.I. Valeh (2022), and I. Jafarli (2021), A. Guliyeva and U. Rzayeva (2022), M. Jabrayilov (2019). Nowadays effective production and introduction of innovations are the factors of economic growth not only of an individual enterprise but also of the state, urges R.V.S. Kizi (2020). It is worth noting that the entire life cycle of technology, from the formation of an idea and implementation strategy to research, development, and modeling is an innovative process. Sometimes this process also includes the stage of creating a radically different market in which such technology will be implemented. It is also necessary to emphasize that at present in Azerbaijan there is a noticeable lag in auditing activity from the requirements of the modern world, which the state introduces to the branch of law and accounting.

G.I. Valeh (2022) states, that innovations in the audit industry are associated with the processes of global digital transformation. Digitalization is an integral part of the modern world and the rapidly developing business environment. Competitive businesses recognize the significance of all the opportunities presented by modernized digital technologies, as without them, the risk of losing certain prospects or even market share increases significantly. Innovation enables businesses of all levels to improve productivity and enhance an organization's work environment. Digital transformation is also affecting the audit profession. I. Jafarli (2021) emphasizes that the key challenge of digital auditing is the integration of robotic information processing and data-matching analytics with classic auditing methods. Innovation in audit-

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ing allows the introduction of technological advances in the era of globalization not only to improve the quality of work but also to increase the level of customer focus (Docimo et al., 2021; Topalov et al., 2020). The stages of digital auditing are interrelated activities that are performed through the introduction of special software tools and are aimed at obtaining, processing, and analyzing data to form audit evidence (Ginters et al., 2014; Pizzi et al., 2021). First, the digital audit is aimed at reducing the auditor's work in the primary collection and processing of information.

It should be emphasized that the main task of computers in auditing is to organize the sequence of classic audit stages being performed to increase the efficiency of human interaction with a robotic machine. Information product for auditing activities is a kind of software technology, which can automate most audit procedures or form a relationship between the data at all stages of the audit cycle, convinced A. Guliyeva and U. Rzayeva (2022). M. Jabrayilov (2019) believes that the main challenge of innovative technologies for auditing activities is to optimize the auditor's work time at all stages by delegating the maximum number of operations to special software products, as well as to improve auditing activities, which reduces the risk of errors and allows working under the current legislation. It is achieved by the automation and standardization of the auditor's activity at all stages, starting from the preparation and planning of the audit and finishing with the execution of final documents following standards.

As such, the goal of this study is to analyze the emerging innovations in auditing activities and digital technology application features in modern audits in Baku. For this, main goals were set and solved: key requirements for modern digital technologies in the audit were analyzed, the overall current state of audit activity in Azerbaijan was denoted, and methods of accounting process improvement in the enterprises were proposed. Moreover, this study includes the analysis of new approaches to the system of training and professional development of auditors on the example of the Azerbaijan State University of Economics. The object of the study is innovations in auditing activities in Azerbaijan.

2. MATERIALS AND METHODS

This research methodological approach is based on experimental methods, such as the method of observation, modeling, and comparison. These methods contribute to a comprehensive study of the audit processes in a complete digital transformation of all industries and areas. The concept of implementing digital technologies in the context of accounting and auditing was considered. An important area of research is also the formation of a comprehensive approach that will contribute to the further modernization of the audit system in Azerbaijan. To determine the significance of the introduction of modernized digital products an analysis of data, analysis of relevant regulations was made. This study also demonstrated the review of published academic literature, and relevant documents. The study defines the modern digital technology significance, analysis of key approaches that imply trends in their development in auditing activities. This scientific research was conducted based on a pre-prepared base, acting as a foundation for further research.

The scientific methodology of the study is based on a systematic approach to the issue and a comprehensive analysis of the audit process of digital transformation. The study also examined the results of works of Azerbaijani and international economists on the theoretical issues of assessing the effectiveness of modern auditing activities. Scientific generalization, method of limitation, methods of statistical, causal, and comparative analysis were also applied as methods of research. These methods have contributed to a detailed study of the innovation mechanism in audit activities in Azerbaijan. The theoretical basis consists of the results of research conducted by several Azerbaijani and international specialists, which were aimed at studying the problems associated with the definition of those innovative technologies that are fundamental in modern auditing activities. The research was done in three main stages.

At the first stage of scientific research, the corresponding theoretical base was prepared, which was used as a basis for further scientific research. A systematic analysis of the main aspects of the introduction of innovative technologies was also carried out. It was concluded that they significantly affect the auditing activities and the accounting system of Azerbaijan in general. The key issues that can be solved optimally with the help of practical implementation of modern research methods such as analysis, synthesis, modeling, analysis of thematic literature, and documentation were outlined.

In the second stage of the research analytical analysis of current innovative technology application problems in auditing activities, which are the key elements in the accounting environment today, was carried out. Moreover, the method of analogy was used. The method of analogy assumes based on establishing the similarity between several objects on several essential features that one of the subjects of the study has a particular feature. At this stage, an analytical comparison of the obtained results with the findings of other scientists engaged in the practical development of issues related to a comprehensive approach to the study of the aspects of modernized digital technology implementation in modern conditions was made. Also, new approaches to the training and professional development of auditors were analyzed on the example of the Azerbaijan State University of Economics.

At the final stage of the research, the results were summarized based on acquired data, which represents a reflection of these results and defines the overall main trends of further development of digital technologies in the industry of audit activities. The study is limited to the conditions of complete digital transformation of all industries and areas of Azerbaijan.

3. RESULTS

Between 2019 and 2022, the large-scale process of digital transformation affected all areas of social activity. At the current pace, it is necessary to quickly adjust and adapt to the changing environment. Innovation, mobility, and flexibility are key factors in the success and efficiency of any modern enterprise. The introduction of innovative activity, and the creation of necessary conditions for its development – are the main directions of today's Azerbaijani state policy, aimed at increasing the level of economic efficiency both within sepa-

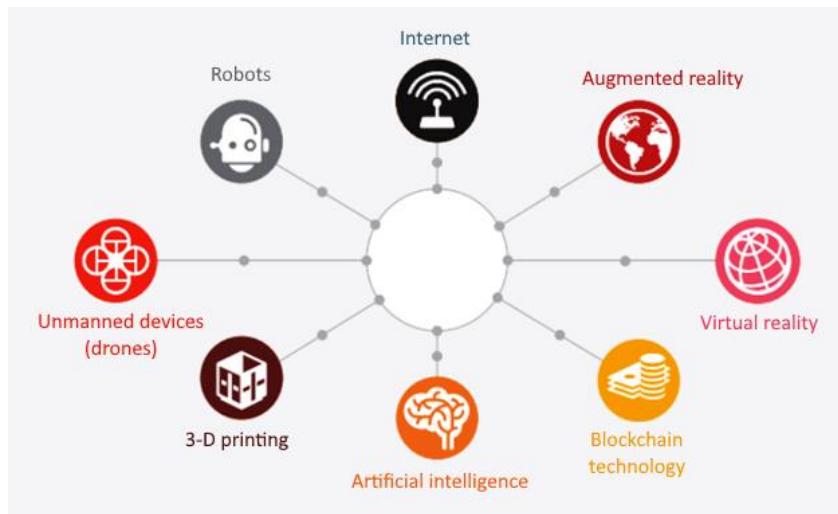


Fig. (1). Current modern technologies.

Source: (Bogdanova et al. 2018).

rate economic entities and in general. It is worth noting that audit activity is the most important element of the infrastructure of a market economy. After gaining independence, Azerbaijan needed new methods of economic structuring, which would consider both the national and economic interests of the country. In such circumstances, for optimal development of the audit, the support of related spheres is also needed. It concerns, for instance, the sphere of finance, jurisprudence, bookkeeping, and technologies. The audit is an inspection of financial, bookkeeping, and tax reports. Thus, to improve the quality of an audit it is necessary first of all to improve the financial statements, introduce elements of innovation, to add other necessary data. It is possible to distinguish several modern methods of improving the accounting report and audit:

- implementation of artificial technology;
- digital program transformation used to collect reports;
- development of improved verification and analysis functions of the typed report, voice input for faster and better filling of the report, and personnel performance report to identify strengths and weaknesses of the team (Kizi, 2020; Piera et al., 2013).

It is also worth mentioning legislative acts. In the Law of the Republic of Azerbaijan "On the Accounts Chamber" (2022), and Law of the Republic of Azerbaijan "On internal audit" (2019) there is a tendency for the transformation of the Azerbaijani economy on an innovative basis. It is worth noting that, based on the above documents, it can be concluded that at the state level the mechanism of introduction of innovations in the audit activity is continuously discussed and improved. Modern international experts identify a total of eight innovative technologies, that soon will be able to radically transform all areas of public activity. The global digital transformation becomes a tipping point when innovative technologies can expand the boundaries of companies (Ginters, 2020). The key innovative technologies that are

already beginning to be applied at various stages of international auditing activities are shown in the Fig. (1).

In this research, one of the techniques can be examined in more detail as an example. One of the auditor's responsibilities is to oversee an inventory of all available assets. However, there are situations in which this process is quite time-consuming. In such situations, drones can be used. Thus, the auditor has an opportunity to significantly expand the geography of activities, since there is no urgent need to be present personally at the inventory procedure itself, and it is possible to observe the results remotely, without leaving the office. Unmanned devices allow for assessing the situation on a larger scale, this approach is effective for inventorying large volumes of property. Drones are also useful in cases where it is not safe for the auditor to be at the property being inventoried. Such technology demonstrates a common understanding of the potential for more efficient auditing activities when innovative techniques are introduced. Shortly enterprises need to become more loyal and flexible to innovation, which will contribute to the expansion of the firm, minimizing costs and risks. In this study, it is possible to outline the main approaches of innovative international audit, presented in the Table 1.

Table 1. Key Approaches to the Innovative Auditing Activity.

| No. | Number | Characteristic |
|-----|--------------------|--|
| 1 | Competencies audit | Is based on the opinion that innovations are implemented by specific specialists of the enterprise. The main purpose of the method is to analyze professional competencies in the industry, a more in-depth study of organizational competencies. The objects of the analysis are the concepts of the management system and the structure of the company, the ability of the company to transfer and develop competencies with the help of the team. |
| 2 | Activity audit | The fundamental points of the principle are quantitative methods for evaluating the results of innovative activities. The purpose of this approach is to |

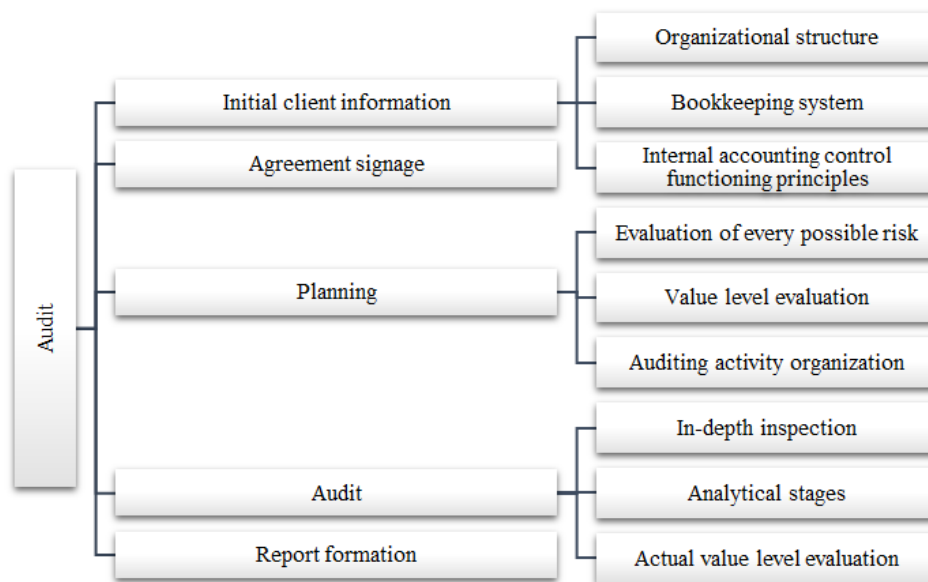


Fig. (2). Audition stages.

Source: compiled by the authors.

| | | |
|---|--------------------------|---|
| | | identify evaluation criteria at the expense of process results or work techniques. The most popular are time and money costs. Specialists have proven that this approach is insufficient to correctly assess the innovative activity of the enterprise. The disadvantage is the measurement of past results by the evaluation criteria. |
| 3 | Innovative process audit | This approach is based on the analysis of the innovation process at the enterprise. The results of the classic innovation activity model are compared. The method is based on the conditions that are formed at the enterprise for the development of innovation. |

Source: (Alibekova et al. 2016).

As for Baku, modern Azerbaijani auditors are trying to refuse to provide enterprises with completely standard products, emphasizing the individualization of the company's service. Such trends contribute to the generation of new services in audit companies, the transformation of existing ones, development of new control techniques. It is also worth noting the improvement of relationships with clients, whose goal is risk-based controls and audits, not just compliance audits. Such processes contribute to the fact that the interaction of auditors and the business community forms organizational innovation (Bogdanova et al. 2018; Mansurova et al., 2018). Azerbaijani experts agree that innovation is a key factor in enterprise productivity. Numerous studies prove the importance of innovation in the service sector and the significance of its contribution to economic development in general (Alibekova et al. 2016; Tabatabaeian et al. 2021). Innovative technologies in audit differ from innovations in the industry of production of goods. The main difference is that the development of innovations in the production industry has more loyal organizational forms and a more gradual pace of implementation, representing a series of gradual changes in the list of services offered.

Innovation is the introduction of a new or upgraded product, technology, or service, or a new marketing or organizational method. There are four types of innovation: product, marketing, process, and organization. For example, organizational innovations refer to the introduction of new organizational methods. It is worth noting that innovative activity includes all technological, scientific, organizational, commercial, and financial activities, which contribute to the implementation of innovation or are designed for this purpose. It is also possible to characterize innovations in auditing activities in Azerbaijan in this study, which are:

- associated with uncertainties about the effectiveness of their use;
- implying financial investment;
- implying the use of new knowledge, and innovations in already existing methods;
- aimed at improving the productivity and competitiveness of the enterprise by minimizing costs or increasing the demand for audit services (Alibekova et al. 2016; Kerimkhulle et al., 2022).

Consequently, innovations in auditing activities in Azerbaijan are a natural response to the variability of economic conditions. Since the innovative development of the economy is accompanied by the implementation of certain economic management tasks, the requirements for the quality of accounting are significantly increased (Krieger et al., 2021). The reliability of accounting data is confirmed by an external audit. Control of financial indicators from the position of internal audit is the key element of modern management decisions. All this underlines the importance of audit as a specialized form of financial control. It is also necessary to consider the audit process, which is implemented in conjunction with state and internal auditing standards and implies the performance of the stages presented in the diagram (Fig. 2). For example, at the preliminary stage, the auditor gets

Table 2. Issues in the Implementation of Innovative Technologies in Auditing.

| No. | Types | Characteristic |
|-----|---------------|---|
| 1 | Technological | Constant auditor training, workstream progress automatization |
| | | Diversification of the concept |
| | | Confidentiality rules compliance |
| | | Employment of innovative programs for document processing |
| 2 | Industry-wide | The lagging level of development of audit services around the world |
| | | Labor-intensive formalized process |
| | | Level of auditor qualifications |
| | | Usage of a specific regulatory framework |
| | | Lack of a defined approach to auditing activities |
| | | Improvement of the internal control system |

Source: compiled by the authors.

acquainted with the client, at which the auditor receives reliable information about the enterprise to assess the feasibility of the project and calculate the material costs of the audit (Otia and Bracci, 2022). As a result, an agreement is formed and signed between the audit company and the client. At the planning stage, the schedule of the audit is worked out, all the possible risks are evaluated. At the final stage, a package of the auditor's working documents, and a report is prepared. All this is provided to the manager together with the working documentation.

It can be concluded that the auditing process is time-consuming and labor-intensive. As a result, to ensure effective work, it is important to have a certain plan that minimizes the risk of the inaccuracy of financial statements. To avoid errors in the formation of statements, it is necessary to implement a certain technology that greatly simplifies the work of the accountant. For example, it is possible to use the following techniques: to use artificial intelligence technologies and modernized programs for data processing; use innovative functions to check the reliability of primary information input, analysis of financial statements, quality assessment of the auditor's work; to develop a voice input function to reduce the time for entering primary information (Alsharari, 2021; Zhukov et al., 2013; Danchuk et al., 2021). The implementation of innovations in auditing activities has certain issues. The main difficulties in this process can be divided into several groups, technological and industry-wide, which are presented in the Table 2.

It can be concluded that in Baku the development of innovative activities in the audit industry is a labor-intensive process due to the industry specifics of the enterprise, but Azerbaijani companies are not reluctant to use innovations. Continuous improvement of activity is necessary for increasing productivity and competitiveness. The necessity of innovative activity development in Azerbaijan is growing every year, but it also requires the creation and development of a comfortable competitive environment for the state, education, business, and science (Law of the Republic..., 2022). It is also worth mentioning that approaches to training young,

highly qualified auditors have also changed. Between 2019 and 2022, digital transformation has become an integral part of modern society and business. Prospective companies are realizing that abandoning modern digital technology diminishes a company's competitiveness. Innovation in auditing means the application of modern digital technologies, which increase the productivity of the enterprise and improve the working environment as a whole (Caperchione et al. 2019; Mytrofanov et al., 2022).

In the example of the Azerbaijan State University of Economics, it can be considered innovative approaches to the training of young auditors. For example, more innovative digital technologies can include the application of audit data analytics (Valeh, 2022). Audit data analytics is an element of identifying and analyzing patterns and algorithms, extracting all useful information from the data provided, which is associated with the audit by modeling and visualization for planning and conducting audit activities (Andersen, 2019; Bolatbek et al., 2016). Analytical audit procedures developed with the help of information technologies allow a qualitative assessment of business continuity. In the practical training at the Azerbaijan State University of Economics, the methodology of "anomaly" analysis is also used. This innovative approach helps to identify deviations from classical values, and stable dynamics of indicators to determine the risks of fraud, unfair practices, and tax evasion (Al-Okaily et al., 2022).

It should be emphasized that artificial intelligence is subject to clearly described algorithms. As a result, non-standard actions or unprepared credentials can cause incorrect analysis by a computer information system. Software is also not immune to failures, hacker attacks, or errors (Aizstrauta and Ginters, 2015; Guliyeva and Rzayeva, 2022). This is why auditors need to monitor the results of a robotic audit. Innovation in auditing is continuously related to digital transformation. In turn, digital transformation is associated with such elements of remote interaction as providing remote access to digital client data, and the use of network communicators. The main advantage of the innovative technology application

in auditing activities is the modernization of classic auditing into a continuous online auditing activity. The main directions of digital audit in Azerbaijan include robotization of audit procedures; application of technologies of artificial intelligence, analytics of audit data based on the processing of large amounts of information; audit activities in online mode (Buil et al., 2015; Stepanchuk et al., 2020). The competitive advantage will be given to enterprises that improve classical methods of work while retaining elements of interpersonal interaction, a high level of professionalism, and applying innovative methods of work based on the pervasive digital transformation of the economy.

4. DISCUSSION

The era of globalization has fundamentally changed every existing state structure and system. M.S. Tabatabaeian et al. (2021) suggest that for modern auditors, data analytics and digital auditing are interrelated and are the main problem to be solved soon. The digital innovation world opens new opportunities for auditing. That's why this study addresses some of the key elements of digital auditing and how they can impact auditing activities. It is also worth noting that their purpose is to provide independent information to increase transparency. As such, according to P. Kouvelis et al. (2020), the first important element of digital audit is the robotization of the data collection and preparation process. In turn, this may include the automation of the audit documentation processing through the development of a single algorithm for data exchange between the auditor and the client. In such a case, the auditor may need specialized software that can be programmed to perform various tasks in data sources. All of this mimics human actions, which is also a sign of robot-assisted process automation (Imoniana et al., 2021; Sabatayeva et al., 2018).

The second major element of digital auditing is data analytics per K.A. Donkor-Hyiaman et al. (2019). When the auditor receives information and processes it, he or she is convinced that the data meet certain criteria and proceeds to analyze it. The data can be structured using, for example, spreadsheets, databases, log files, or their form. Information can be considered unstructured if it is presented, for example, as a dry text document, video, audio recording, or image. It should be emphasized that today there are a variety of tools and techniques that can be used to make it easier for the auditor to deal with large amounts of data (Yerzhanova et al., 2021; Tashpulatov et al., 2020). This is necessary to qualitatively identify all kinds of risks and obtain information to form a professional judgment based on the available facts. It should be emphasized that it is important for the modern auditor to trust the raw data, that is, the information provided must be relevant, transparent, complete, reliable, and timely. C. Meyer (2019) says that today's data input is implemented using digital technologies, processes and decisions can be made by robots based on algorithms. Consequently, the digital world requires additional innovation in the auditing process.

The modern auditor must also determine what should be subject to in-depth verification per T. Walker et al. (2021). The authors write that data sampling from the total population of information is a mandatory process in situations

where it is not possible to process a representative sample in a short time. It is also important in cases where the rules and evidence are only available in paper form. However, in a digital reality, the auditor can immediately process and visualize all the necessary information before deciding which tasks are urgent and require more in-depth study. Auditors should also work with experts in the data mining industry to find potentially compelling insights, backed by data that can help identify risks. Currently, there is a global amount of information and data needed for auditing activities, and is available electronically per A.I. Pogorletskiy and F. Söllner (2020). As such, innovative technologies are available for managing, analyzing, and processing information, obtaining results in a short time. This trend will develop rapidly soon. However, it is worth noting that the transition to digital innovation audit requires a qualitative analysis of working methods and the organization of audits of economic subjects.

As such, per M. Anifa et al. (2022), currently, the purpose and functions of auditing have not changed. They still rely on accountability and transparency, which aims to build trust between stakeholders for the efficient use of resources. For this goal, the ways to achieve this goal and the current regulatory framework must be revised to ensure that they meet digital standards. New knowledge is also needed for innovative auditing activities. It is worth noting that the human factor remains decisive as a guarantor of the reliability of auditing activities, both in general and at individual stages. M.H. Calp (2020) notes that the normative-legal base of auditing will develop slower than innovative technologies. However, audit companies in Azerbaijan can already contribute. Innovative processes are a serious innovation, which can be effective only when audit companies and auditors appreciate the benefits and support such an initiative. Due to the innovation popularization in every sphere of public activity and economy, an introduction of the innovative aspects in the auditing activity are more popular. These could include the implementation of independent verification of innovative activities, and research of objects of innovation.

The goals of the electronic data in the system of accounting and auditing for the formation of various types of reports make it necessary to quickly master the methods. Due to the transition of the Azerbaijani economy in the sphere of innovative development before the audit activity, there are new tasks, the solution of which requires the study of microbiology, nanotechnology, and other source materials, according to T. Zhang et al. (2022). Development of existing innovative spheres needs to use new methods of accounting for administrative costs, and complex manufacturings according to types of activity and products. It is worth noting that the innovation audit has not yet been sufficiently studied as a type of enterprise analysis. K. Andriushchenko et al. (2020) say that many specialists agree that the structure of the audit lacks the necessary empirical database, despite the variety of ways to the methodology and content of audit activities. Theoretical approaches allow us to determine the basic principles and guidelines, and most importantly, to recognize the essence of innovative auditing.

The peculiarity of innovations in auditing activity is a more flexible approach to the analysis since enterprises operate in different institutional conditions, organizational and legal

forms, and management structures at an increased level of competition (Saldanha et al., 2022; Makhazhanova et al., 2022). That is why the base for innovation audit is a specially developed model of innovative activity for an enterprise or a particular industry. This type of audit makes it possible to assess the current state of management of the innovation process, determine the gaps between the benchmark innovation process and the current one, determine the main stages and actions that are necessary to overcome the lag from the benchmark, persuades A. Maheshwari (2019). It is also worth noting that new types of auditing are also used in practice. First of all, it concerns the operational audit activity. An operational audit is a control and analysis of methods and aspects of the functioning of the economic or business system for a better assessment of efficiency and productivity. This type of auditing activity is not limited only to the audit of the accounting or financial report. It also includes an evaluation of computer operations, marketing, organizational structure, and production methods (Khussain et al., 2022; Nutfullaeva et al., 2019).

Following R. Rupeika-Apoga et al. (2022), auditing innovative activity in Azerbaijan may have several purposes, such as the definition and application of new technologies, opportunities for the realization of results of scientific activity: definition of the most probable ways of realization of each of opportunities. Innovation audits in Baku should meet such requirements as the reliability of the information, objectivity and independence, periodicity in carrying out checks, and fullness of check of all varieties of innovation activity. All elements of the innovative audit activity should be further studied.

The key benefit of utilizing cutting-edge technology in auditing operations is the transformation of traditional auditing into an ongoing online auditing activity. Robotization of audit processes, the use of artificial intelligence technologies, analytics of audit data based on the processing of massive volumes of information, and online audit activities are the key directions of digital audit in Azerbaijan. Enterprises that enhance traditional work practices while maintaining components of interpersonal interaction, a high level of professionalism, and implementing novel work practices based on the pervasive digital transformation of the economy will have a competitive advantage. Over the past ten years, Azerbaijan has worked to modernize its economy, which has resulted in the growth of numerous new enterprises and an increase in competitiveness. This may act as a catalyst for the auditing industry to develop and adapt in order to remain competitive.

5. CONCLUSIONS

Numerous issues related to determining the most effective digital technologies for modern auditing activities require in-depth analysis for the development of improved audit techniques, which will dramatically change the outdated accounting system in a period of complete digital transformation of all industries and areas. An important aspect of this issue is to determine the incentives for the development of digital technology in Azerbaijan, which is essential in terms of conducting further research to determine the level of impact of this direction on the entire industry of accounting and audit-

ing. Artificial intelligence, progressive technologies, digital transformation – due to these directions soon it is possible to radically transform modern society.

Following the analysis of existing problems in the application and trends in the development of digital technology in auditing activities, caused by the lack of development of this issue, it is possible to conclude that for the formation of modern high-tech industries, such steps as the introduction of modern digital technology in various areas of production, the accounting will be necessary. Different industries are closely intertwined, and problems of a particular nature affect the entire industry. That is why auditors' actions should be consistent and planned. In other words – there is a need for a comprehensive approach to the development of new methods of digital innovation audit activities. Consequently, the actual task of the accounting and auditing system of Baku is to introduce managers to the development of innovative technologies, and the formation of a high level of productivity.

The materials of the article are of practical value and can be used in the development of modern methods of audit activity in Azerbaijan. Perspectives of further research on methods of audit activity in the context of the formation of effective and competitive modern enterprises are determined by the outdated economic system and the innovative potential of the modernized system of accounting. For specialists of all levels of qualification, it will be necessary to form a unified strategy of innovative audit activity, which will allow for improving the existing methods of accounting for the economic system in the context of globalization.

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