



MODERN ASPECTS OF ECONOMIC AND SOCIAL SUSTAINABLE DEVELOPMENT

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ISSUES OF AUDITING THE ACCOUNT OF PRODUCTION EXPENSES IN ENTITIES

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Abstract: *The article examines the issues of improving the audit of the production cost account in the entities managing assets. As a result of the research, proposals were developed on the organization of the audit of the production cost account and the improvement of the audit planning stage.*

Keywords: *audit planning stage, audit strategy, audit plan, audit program, internal control environment, production costs, audit evidence.*

In Uzbekistan, production cost accounting was developed as part of management accounting and a methodological basis was created. However, in our republic, the issues of introducing the most modern methods of accounting for production costs, cost management, introduction of modern costing systems, the modern concept of using information on production costs for financial and management accounting purposes, and the introduction of innovative formats of accounting for production costs are still pending. has not found a complete solution. In some enterprises, the cost remains high. As a result, there are certain difficulties in the development of competitive and export-oriented products. As President Sh.M. Mirziyoyev noted, "There are problems in the management system of industrial enterprises. The cost of products should be reduced¹. This is an important basis for creating a competitive environment." All of the above, including the objective necessity of developing a methodology of product cost calculation that meets the requirements of the time, requires conducting deep scientific research in this direction.

A number of research works are being carried out in enterprises on the correct organization of production cost accounting, their minimization, reduction of excess costs, cost optimization. However, the ongoing research work did not fully cover the calculation and audit of production costs in the sector of the economy. Therefore, issues such as the proper organization of accounting and auditing of production costs in grain processing enterprises, ensuring the effective operation of the internal control system, identifying frauds in accounting, and preventing them are among the priority areas of research in this regard.

The initial stage of organizing the audit of production costs in business entities is the planning stagetaking into account that this stage is properly organized, that plans and programs are structured in a purposeful way, it serves to increase the quality of audit work and the level of reliability of the auditor's opinion, to reduce the time and volume of work of auditors.

In the planning stage of the audit, the auditor usually develops two, namely, the audit plan and

¹President of the Republic of Uzbekistan Shavkat Mirziyoyev chaired a meeting of video selectors to discuss the results of 9 months in the industrial sector and the tasks to be completed by the end of the year.



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the audit program. In international practice, at the planning stage of the audit, the auditors first develop the audit strategy, and then the audit plan and program. However, there is no fixed form of audit plan and program, so auditors form plans and programs based on their professional judgment.

According to International Auditing Standard No. 300 "Planning an Audit of Financial Statements", the following approach to audit planning is given: "Audit planning means determining its strategy and tactics, choosing processes and methods to most effectively achieve the goal - confirming the reliability of financial statements.

Audit planning is one of the most important stages of an audit. On the one hand, the level of effective use of experts participating in the audit depends on how thoroughly the auditor prepares for the audit, which naturally leads to the rational use of their working time fund and the minimization of the audit organization's labor costs. and on the other hand, the risk of not detecting material financial errors in the client's report. All of the above ensures the competitiveness of the audit organization in the audit services market.

Planning is the initial stage of the audit, and includes the development of a general audit plan by the audit organization, which indicates the expected volume, schedules and deadlines of the audit, as well as the development of the audit program, which defines the scope and types of the audit. The sequence of audit procedures necessary to form a reasonable opinion on the entity's financial statements"²

As a result of the conducted research, an audit program for checking production processes in grain processing enterprises was proposed.

Table 1

Audit program of production costs in grain-producing enterprises³

№	List of dishes	Source of information (or audit evidence)	Applicable methods	Auditor
1	Assessment of the state of internal control related to production costs	Division of duties, primary accounting documents, internal and regulatory documents on cost formation	Inquiry, investigation	
2	Checking the legality of accounting transfers	Instruction, law decision	External verification, inspection	
3	Verify that the cost of production is correctly developed	Finished product calculation	Recount	
4	Checking the calculation of the finished product by	Calculation of finished products, general ledger,	Comparison, inspection	

²International Standard on Auditing No. 300 "Planning an Audit of Financial Statements".

³Author development

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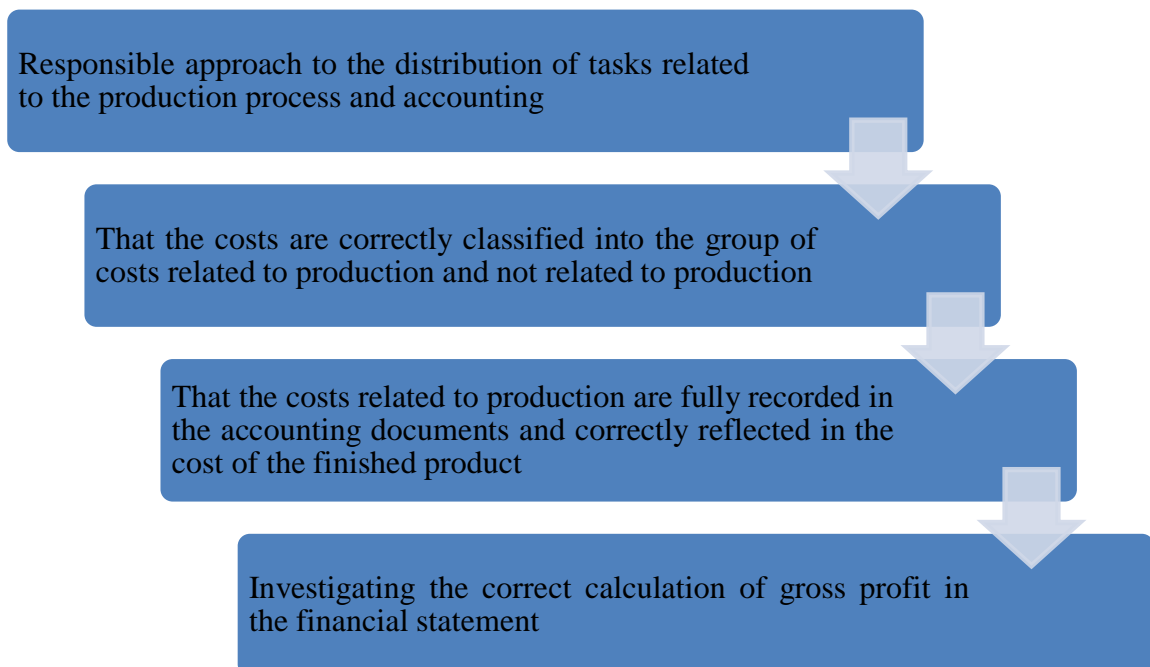
	comparing it with the accounting documents	2010 account information, balance sheet		
5	Checking whether the product cost is fully reflected in the financial results report and the resulting gross profit is correctly calculated	2010 account information, balance sheet, financial results report	Recalculation, check	

The expansion and development of the business activity of the enterprise depends to a large extent on the organization and operation of the internal control system of the enterprise.

In the course of a brief acquaintance with the auditor-client enterprise, it is necessary to learn about the internal control environment in the enterprise. The reason is that the audit procedures used in the audit of the client enterprise, their increase or decrease, audit risk assessment largely depend on the internal control environment of the enterprise.

In evaluating internal control, the audit team evaluates the effectiveness of internal control related to production costs. Control measures such as cost tracking processes, inventory transfers, and cost allocation methods are evaluated to ensure that identified risks are mitigated.

In the picture below, grain processing enterprises iA system of effective assessment of the control environment related to the production process is presented.





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Figure 1. A system of effective assessment of the control environment related to the production process⁴

At the initial stage of this evaluation system, it was determined that the distribution of tasks related to the production process and accounting in the enterprise was correctly established, that the responsible employees approach their tasks responsibly, that the costs were correctly classified, that the current No. 54 "Production (works, services) production and sales cost structure and to verify that it was carried out in accordance with the Regulation on the procedure for the formation of financial results, to study whether the expenses related to production are fully recorded in the accounting documents and correctly reflected in the cost of the product, and at the last stage, it is necessary to study whether the gross profit is correctly calculated in the financial results reports.

Based on the above, it can be concluded that when conducting an audit of production costs in enterprises, it is necessary to properly organize planning and effectively assess the internal control environment. Because the procedures and actions performed by the auditor during the production audit depend on the correct organization of these elements.

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