

Actual Problems of the Manufacturing Enterprises Audit

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The audit of manufacturing enterprises was conducted in the work in terms of normative regulation and implementation of practical activities of economic entities in this type of activity. The components, features and organization of the audit of manufacturing enterprises are determined. The stages of audit are combined with the production cycles with the selection of appropriate procedures for verification. Conditional groupings of information types for the production audit were conducted, as well as its main stages were determined. The audit scheme of enterprises production activity was developed. Findings indicate the ways of improvement and directions of audit development at manufacturing enterprises.

Keywords: audit, method, program, production, production cost, product, costs, financial reporting.

УДК 657.6:334.72

JEL Codes: D24, H83, L53

Introduction. In current conditions of growth in the production volume at enterprises, not only the list of costs, but also the types produced increases but also the methods of their audit become more complicated. Correctly selected and adapted to a specific manufacturer costs allow not only to check the indicators of their financial statements, but also to disclose the reserves of production activity, increasing its efficiency, which indicates the relevance of the topic of the article for the Ukrainian economy, considering the significant share of enterprises in creating a gross national product.

Analysis of recent research and publications. Such foreign and domestic scientists, in particular N. T. Belukha [4], G. V. Vlasyuk [5], O. V. Gamova [6], M. V. Zagorodnii [3], L. P. Kulakovska [7], B. F. Usach [11], V. V. Sopko [10], I. S. Sharapova [12], A. D. Sheremet [13], J. Robertson [9] et al. paid attention to the study of audit of manufacturing enterprises. Scientists have investigated drawing up of the plan and audit programs of the industrial enterprises in a part of expenses of industrial activity, the cost price of manufacture and movement of industrial stocks. Note that at the legislative level, such concepts do not exist today, they are the basis for audit organization of manufacturing enterprises in a complex of presentation of audit findings of accounting entities in financial statements. However, the consideration of the features and types of production is not reflected in the current achievements of auditing in the scientific literature and requires further research.

The purpose of the study is to conduct a research of audit organization, methods and features of manufacturing enterprises, determining the prospects and directions for its improvement, considering the regulatory instruments.

Key findings. Given that the production facility is a complex organizational and economic structure, it has inherent properties of dynamism, mutual influence of external and internal components and other factors; it is also advisable to use the system approach in audit

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organization.

Audit and its methodology allow to achieve such requirements as reliability and reliability in reporting information. Since the adoption of managerial decisions is based on accounting information, these confidence and reliability are the most important qualities not only for developing a strategy and solving tactical tasks, but also for maintaining the image of the enterprise, its business reputation, and, therefore, for the stability of financial and economic activities. Audit is important for any organization, but it is especially important for large industrial enterprises. The complexity of production processes explain the need for additional checking of accounting information. In this regard, it should be noted that such type of audit activity as an industrial audit, which is an independent evaluation of the company's activities in order to optimize production costs and cost value, aimed at increasing the efficiency of production organization, including the production and business monitoring systems, quality management systems, technical and technological solutions.

The purpose of the audit at manufacturing enterprises is to confirm the reliability of the of cost formation, the product yield and the correctness of their recording in accounting [4, p. 97].

According to the directions of industrial audit, it is possible to distinguish its types: industrial audit, human resources audit, technical and environmental audit, management audit.

The scope definition of industrial audit is subject to the professional judgment of the auditor, which depends on the objectives and circumstances of the audit, the nature and scope of work. When determining the scope of audit work, it is necessary to proceed from the principles and requirements of regulatory documents that regulate audit activities. Also, the nature of audit is influenced by agreements with the subject of verification and the specifics of the activity of the study subject.

The main directions of industrial audit are shown in Figure 1.

The main activities carried out in the framework of the industrial audit include:

- audit planning;
- reception of audit evidence;
- using the work of experts;
- obtaining information about the activity of the research object from employees and third parties;
- documenting the audit;
- summarizing the conclusions and expressing opinions on the actual state of the enterprise.

Industrial audit and its separate components should be planned on the basis of achieved understanding of the subject activity. At the same time, the purpose of planning an industrial audit is to organize an effective and economically justified audit. At the planning stage, the strategy and tactics of the audit, audit time frame, and the cost of auditor's work are determined. Based on this, a plan and an audit program are formed, which, depending on the audit tasks any directions of industrial audit can be included. In the course of the audit the auditor should receive a quantity of qualitative audit evidence that will enable him to form an objective opinion about the current state of organization.

The manufacturing enterprises belong to different branches of industry and have their own specifics of activity. The special aspects of activities are reflected reporting rates. The leading industries of Ukraine include metallurgy, machine building, construction, trade, communications, transport, food industry.

The technological processes that contain targeted actions to change and determine the state of the subjects of labor are the main part of the production process. Geometric shapes, sizes and physical and chemical properties of the subjects of labor change during the

implementation of technological processes. Along with the technological one, the production process also includes non-technological processes that do not have the purpose of changing the geometric shapes, sizes or physical and chemical properties of subjects of labor or checking their quality. Such processes include transport, storage, handling, component and some other operations and processes [12].

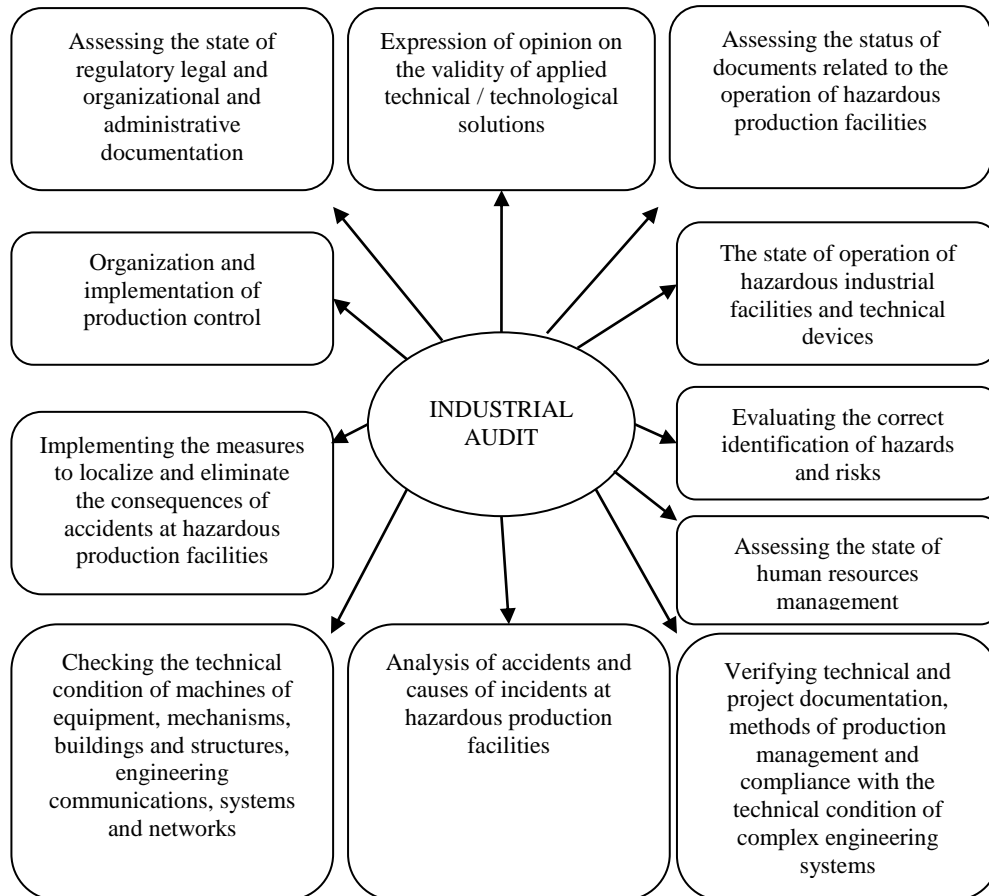


Figure 1. The main directions of industrial audit
[Source: compiled by authors]

The production audit is engaged in the study and evaluation of production processes, which is a systematic study of a complex of economic indicators of production activity. At the same time, an industrial audit can be a part of a general audit or it can be an initiative audit for a specific task.

There special documents such as TTX equipment, calculation norms, technological processes and the like are the sources of information during the audit of manufacturing enterprises, except for the typical primary one.

The following documents are submitted to the auditor for audit work: the forms of

financial accounting; a ledger or a turnover statement; an order on the accounting policies of the organization; registers of accounting for the accounts; order cards (sheets); tables (sheets) on the distribution of wages, social allocations, auxiliary production services, the calculation of depreciation charges on fixed assets, intangible assets; the list of distribution of general economic, and general production expenses, prepaid expenses; acts of inventory of work in progress; consolidated cost accounting information [11]. At the same time, the auditor studies the entire complex of information provided.

The developed scheme for the audit of the production activity of the enterprise is shown in Figure 2.

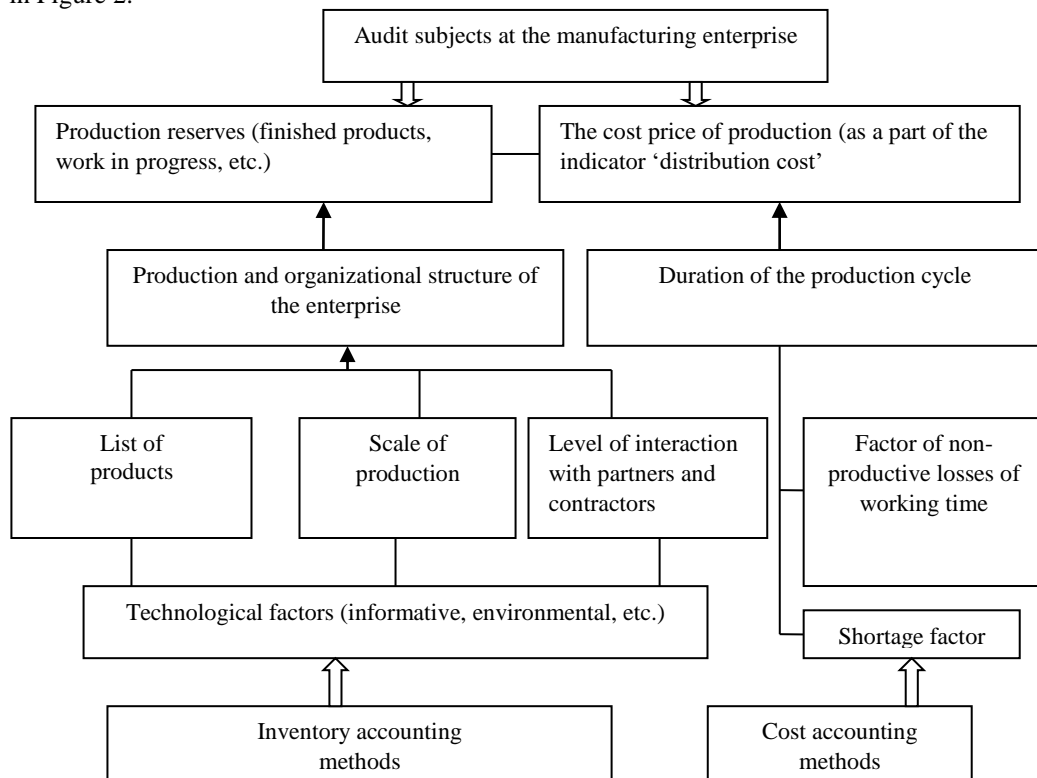


Figure 2. The scheme of audit of industrial activity of enterprises
 [Source: compiled by authors]

The audit of a manufacturing enterprise includes the following main components of the audit.

1. Materials write-off for production.
2. Methods and cost analysis.
3. Calculating the cost of revenue in terms of cost items.
4. Recognition of finished products.
5. Correction of shortage and waste.

The audit should include the evaluating methods various production processes, such as basic, auxiliary and servicing processes (Figure 3), and the production audit can be carried out

in the context of production processes. The composition and mutual relations of basic, auxiliary and servicing processes form the structure of the production process.

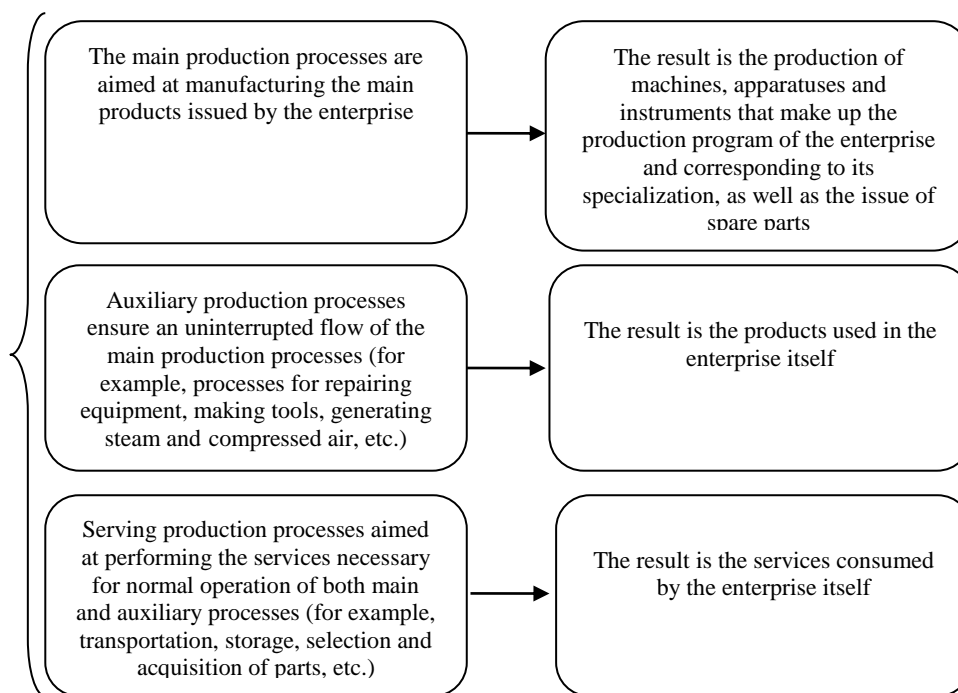


Figure 3. The production processes and their results
[Source: compiled by authors]

The main object of the study of industrial audit is a set of production processes. As a rule, the main production consists of three stages: procuring, processing and collection.

The subjects of audit can be allocated in accordance with the organizational principles of production processes, according to which they are divided into simple and complex. Simple production processes, consisting of consistently performed actions over a simple object of labor, are called production processes. For example, the production process for the manufacture of a single part or a batch of identical parts. A complex process is a combination of simple processes carried out over a multitude of objects of labor. For example, the process of manufacturing an assembly unit or the whole product [12].

So, the audit stages at the manufacturing enterprise include:

1. Audit planning (testing of the internal control system, evaluation of audit risk and materiality, drawing up a plan and program for the audit strategy).
2. Audit performance (application of audit analytical procedures, evidence, registration of working documents).
3. Presentation of results (integration, preparation of the report and recommendations).

It is worth noting that from three stages of audit the second stage is the most important and at the same time labor-intensive for a manufacturing enterprise, since by its results the necessary volume is determined for analyzing, estimating and modeling the volumes of

products manufactured by the enterprise, which is also used to make managerial decisions subjects of management.

During testing, it is determined whether the expenses written off for production are defined in the order on accounting policy, in accordance with the Regulation (standard) of accounting; or was unchanged during the reporting period, as to the determination of the cost of revenue and the cost of production; whether the requirements established by the order on accounting policy are observed at the enterprise.

It should be noted that it is almost impossible to carry out a continuous survey in production, both due to the time and activity volumes (especially with a separate location of production facilities of the enterprise), therefore, as a rule, choose random, analytical and other methods of verification, of which by industry, if any.

The evaluation of audit risk in the quantitative measurement for manufacturing enterprises of a specific nature, unlike others, has no significant differences.

The study of the organizational and technological features of the enterprise, that is, the audit client, is one of the most important during the organization of production audit of which is associated not only with the assortment of products, but also with its changes during the reporting period, revision of norms and types of expenditures, types of technical control and enterprise, replacement of equipment, changing its capacity, modernization, etc., which can also affect the instruments of audit procedures, and ultimately the results of audit. In the course of the audit it is expedient to find out the specifics of the creation and evaluation of such a category of production stocks as work in progress, as well as methods for the formation of cost of revenue, both in accounting (normative, orderly) and in management accounting (direct cost, etc.) their harmonization and possible risks for financial reporting.

The key accounting document for the audit of production costs is the Regulation (standard) of accounting 16 "Expenses" as well as corresponding methodological recommendations for accounting for the sectors of the national economy, according to which determine the correctness of the calculation of cost of revenue and output, cost allocation, evaluation of work in progress, etc. In this case, the norms of ISA 540 "Audit of Accounting Estimates" [8, p. 251] are used to establish the provisions and form recommendations for auditing accounting estimates for the cost of production.

So, the information at audit of the industrial enterprises can be conditionally grouped as follows:

- regulatory documents and protocols for production records;
- accounting policies of the enterprise;
- additional technical, statistical and other information on the technical features of production.

Thus, a structured production audit process can include cycles that are inherent at the enterprise with the selection of relevant procedures, for example:

- 1) the formation of direct and indirect costs for the production preparation in the collection of audit evidence (attribution to the cost of revenue by calculation, recognition period, classification, etc.);
- 2) direct production (the analysis of factors changes in affecting the cost of revenue, the appropriateness of selected methods of inventory and cost accounting);
- 3) the evaluation of work in process (the evaluation of method, checking their continuity in accounting, division into manufactured products, etc.).

Conclusions and directions for further researches. The findings of the components and specifics of the audit at manufacturing enterprises show the following.

The developed scheme of audit of industrial activity of the enterprises makes it possible to:

- identify the key factors and directions of the enterprise, which will have the most significant impact on the result of the assessment of production accounting objects in the financial statements;
- conduct the modeling of the dependence by means of the mathematical functions of the data set for the key factors of production activity;
- add new factors that affect or the results of production in accounting (stocks and costs);
- evaluate mathematically the degree of influence of this or that factor of the technological and organizational structure of production on the indicators of financial reporting;
- simulate an effective production of audit.

The scheme of production audit is adapted practically in any sphere of industrial entrepreneurship, considering the specifics and specialization of the production in question. Further research on this topic is aimed at the search and establishment of links between the production indicators and mathematical dependencies during the decomposition of the structure and production cycle for possible audit techniques.

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Manuscript received 13 November 2017

Актуальные проблемы аудита промышленных предприятий

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В работе проведено исследование аудита производственных предприятий с точки зрения нормативного регулирования и осуществления практической деятельности субъектов хозяйствования по данному виду деятельности. Определены составляющие, особенности и организации аудита производственных предприятий. Объединены этапы аудита с циклами производства с выбором уместных процедур для проверки. Проведено условное группировки видов информации для аудита производства, а также определены основные его этапы. Разработана схема аудита производственной деятельности предприятий. Результаты указывают пути совершенствования и направления развития аудита производственных предприятий.

Ключевые слова: аудит, метод, программа, производство, производственная себестоимость, продукция, затраты, финансовая отчетность.

*Mechanism of Economic Regulation, 2017, No 4, 119–127
ISSN 1726–8699 (print)*

Актуальні проблеми аудиту виробничих підприємств

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У роботі проведено дослідження аудиту виробничих підприємств з точки зору нормативного регулювання та здійснення практичної діяльності суб'єктів господарювання за даним видом діяльності. Визначено складові, особливості та організацію аудиту виробничих підприємств. Поєднано етапи аудиту з циклами виробництва з вибором доречних процедур для перевірки. Проведено умовне групування видів інформації для аудиту виробництва, а також визначено основні його етапи. Розроблено схему аудиту виробничої діяльності підприємств. Результати вказують шляхи удосконалення та напрямки розвитку аудиту виробничих підприємств.

Ключові слова: аудит, метод, програма, виробництво, виробнича собівартість, продукція, витрати, фінансова звітність.

JEL Codes: D24, H83, L53

Figures: 3; *References:* 14

Language of the article: English

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