KEY ASPECTS OF THE INTERNAL AUDIT OF INVENTORY

The article proves that an important component of an enterprise’s current assets is production inventories, which are used by business entities in large quantities in the course of their economic activities. Thus, the proper organization of the accounting process of this asset becomes particularly relevant.

It is determined that in the current conditions of a transparent business environment, the issue of internal audit, including inventories, is particularly important to ensure the reliability of financial statements and management efficiency. The internal audit of production inventories ensures that a particular object complies with the management decisions made and is aimed at the successful achievement of the goal. Its main purpose is an objective study of the actual state of affairs of a business entity, identification and prevention of those factors and conditions that adversely affect the implementation of decisions and achievement of the set goal and bringing this information to the management body.

It is established that the internal audit of production stocks as a component of economic control identifies and reveals new business opportunities, determines its efficiency and compliance with current legislation and legal documents, examines the organization of production, planning, preservation of financial resources, compliance with technological and labor discipline, quality of products, and the accuracy of reflection of economic and financial transactions in accounting and reporting within a particular enterprise.

It is determined that in the management system, internal audit is not an emergency measure, but an integral part of management, since it is impossible to manage without systematic control over material assets, their rational use, operations and processes related to the production and sale of products and raw materials. In turn, internal control is a system of constant monitoring of the efficiency of use of a business entity’s property, the legality and expediency of business operations and processes, and the safety of funds and material assets.

It is stated that the internal audit of production stocks will provide the management process with a reliable, independently assessed information resource, the use of which will allow for effective management of business processes, development and implementation of effective preventive control measures, which in general will contribute to strengthening the economic development of the enterprise.
FORMULATION OF THE QUESTION

Research on inventory audit issues is gaining special attention in a rapidly changing environment that affects the audit process. The role of inventories is important for any enterprise. The audit establishes the timeliness and correctness of the documentation of inventories, checks the correctness of accounting for the receipt, storage in warehouses and release to production of inventories, their reflection in accounting and financial statements.

PRESENTATION OF THE MAIN MATERIAL

The following domestic scientists have dealt with the problematic issues of internal audit of production stocks: G.M. Beskosta, F.F. Butynets, L.P. Kulakovska, A.P. Markarenko, T.O. Melikhova, Y.V. Picha, Y.V. Podmeshalska, S.Y. Saliyga, I.I. Sakhartseva, B.F. Usach and others. Giving due importance to the scientific achievements of scientists, it is worth noting that this issue is extremely relevant today, which, accordingly, creates an objective need to deepen scientific research.

The purpose of the article: To study and reveal the aspects of internal audit of production inventories and propose directions for their solution in modern business conditions.

Key words: inventory, internal audit, control, accounting, lease transactions, inspection.

Ключові слова: виробничі запаси, внутрішній аудит, контроль, облікове відображення, орендні операції, перевірка.
The organization of the accounting process of production inventories is complicated by various factors, such as inconsistencies in regulations, transformation of the structure of financial and statistical reporting, and can lead to distortion of accounting data, which affects the reliability of the information resource in managing this asset.

In today’s transparent business environment, the issue of internal audit, including inventories, is particularly important to ensure the reliability of financial statements and management efficiency.

Internal audit of inventories ensures compliance of a particular object with the management decisions made and is aimed at the successful achievement of the goal. Its main purpose is to objectively study the actual state of affairs of the business entity, identify and prevent those factors and conditions that adversely affect the implementation of decisions and the achievement of the goal, and communicate this information to the management body.

Internal audit of inventories as a component of economic control identifies and reveals new business opportunities, determines its effectiveness and compliance with applicable laws and legal documents, examines the organization of production, planning, preservation of financial resources, compliance with the legality and appropriateness of business operations and processes, and the safety of cash and material assets.

Based on the study, we have identified the main tasks of internal audit of operations with production stocks (Fig. 1). During the internal audit of inventories at business entities, analytical procedures are used to compare the availability of inventories in different periods, analyze the data of the report on their movement in comparison with the accounting data. This allows internal auditors to assess the relationship between different items in the report and compare them with previous periods.

When conducting an inventory as a form of internal inventory control, analytical procedures are applied, such as comparing actual indicators with standard, planned and forecast values, as well as checking the compliance of synthetic and analytical accounting.

In order to implement these procedures, the internal auditor needs to have a clear methodology for conducting the audit, which is developed at the planning stage and is aimed at collecting audit evidence for further analysis and taking measures to improve the efficiency of the business entity’s inventory use.

The analysis of the availability, movement and efficiency of the use of inventories is time-consuming, so it is advisable to develop an analysis program within the framework of the business entity’s audit contract (provided that the internal audit is conducted by a third-party organization). Procedures for analyzing the structure, dynamics and efficiency of the use of inventories are shown in fig. 2.

Internal audit is characterized by a variety of methodological techniques, including organoleptic, calculation and analytical, and documentary. This system of control methods is specified through verification procedures related to inventory of material assets, control measurements and launches for the use of materials for production, as well as through continuous and selective observation and internal investigation.

To effectively organize an internal audit of a business structure’s
production inventory, certain stages must be followed. The sequence of internal audit of production inventories is shown in fig. 3.

CONCLUSION

The conducted research allows us to note that production inventories play an important role in the economic activities of enterprises. Accordingly, in today’s dynamic business environment, a reliable information resource is needed to make effective management decisions. The above actualizes the objective need to apply internal audit as an effective management tool in practice. Internal audit will provide the management process with a reliable, independently assessed information resource, the use of which will allow for effective management of business processes, development and implementation of effective preventive control measures, which in general will contribute to strengthening the economic development of the enterprise.

Література:

References:

Figure 3. Algorithm for conducting an internal audit of production inventory

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