

ВНУТРЕННИЙ АУДИТ В СИСТЕМЕ УПРАВЛЕНИЯ ТОВАРНЫМИ ЗАПАСАМИ

INTERNAL AUDIT IN THE INVENTORY MANAGEMENT SYSTEM

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Abstract. *The article examines the organization of internal control of inventory management, as well as the essence and classification of subjects of internal control of inventory management. The article also considers the formation of an audit program, the study of the internal audit process at the enterprise, as well as testing of internal audit in the inventory management system. Thus, for many enterprises, the task of improving the efficiency of inventory management is an urgent one. Inventory management is an operational process of the organization and is subject to analysis by internal audit both in terms of assessing the risks to the efficiency and effectiveness of this process (in accordance with Standard 2120 - Risk Management (2120.A1), internal audit should assess operational risks to efficiency and effectiveness) and the functioning of the internal control system of the process (in accordance with Standard 2130 - Control (2130.A1), internal audit should assess the adequacy and effectiveness of control over operations).*

Keywords: *organization, products, services, inventory, audit, inventory management*

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Introduction

The organization of internal control over inventory management is a set of measures carried out by an authorized internal control entity in order to fulfill the tasks set and achieve the goal set by management in the field of accounting for the movement of material assets. The organization of internal control over inventory management is based on the subjects, objects, types, forms, methods, principles, techniques and technology of internal control. Therefore, the organization of internal control over inventory management is a set of elements that are interrelated and interdependent, whose work is aimed at achieving the overall goal of internal control.

Basic content

The subjects of internal control of inventory management can be divided into controlling and controlled entities. Relations between them are determined by the relationship of subordination. A controlling entity may be any legal entity or individual with the right to exercise control. Controlled entities—are participants in business processes, which include the organization itself, its owners, governing bodies, employees (including senior management), contractors, competitors, and so on. In terms of controlled subjects of internal control over inventory management, this includes material persons, accounting and warehouse employees, participants in the production process, suppliers of inventory, buyers of goods and finished products, and other persons (security guards, programmers, etc.). The subjects of internal control are any changes in the managed process, whether its presence (state) and/or actions performed on (with) it. Thus, the actual state and aspects of the inventory management process are the subjects of internal control of inventory management.

During the internal control of inventory management, the auditor builds a sequence and determines the content of the system of control and analytical measures for collecting, analyzing and evaluating information on the movement of inventory items in order to express an opinion on the degree of safety and efficiency of use of material assets [1]. Control procedures are rules, methods, tools, actions and measures developed by an economic entity to minimize risks, prevent and detect errors and fraud. Control procedures are aimed at identifying and correcting possible inventory

management errors.

The organization may apply the following internal control procedures for inventory management (Fig. 1) [1]:

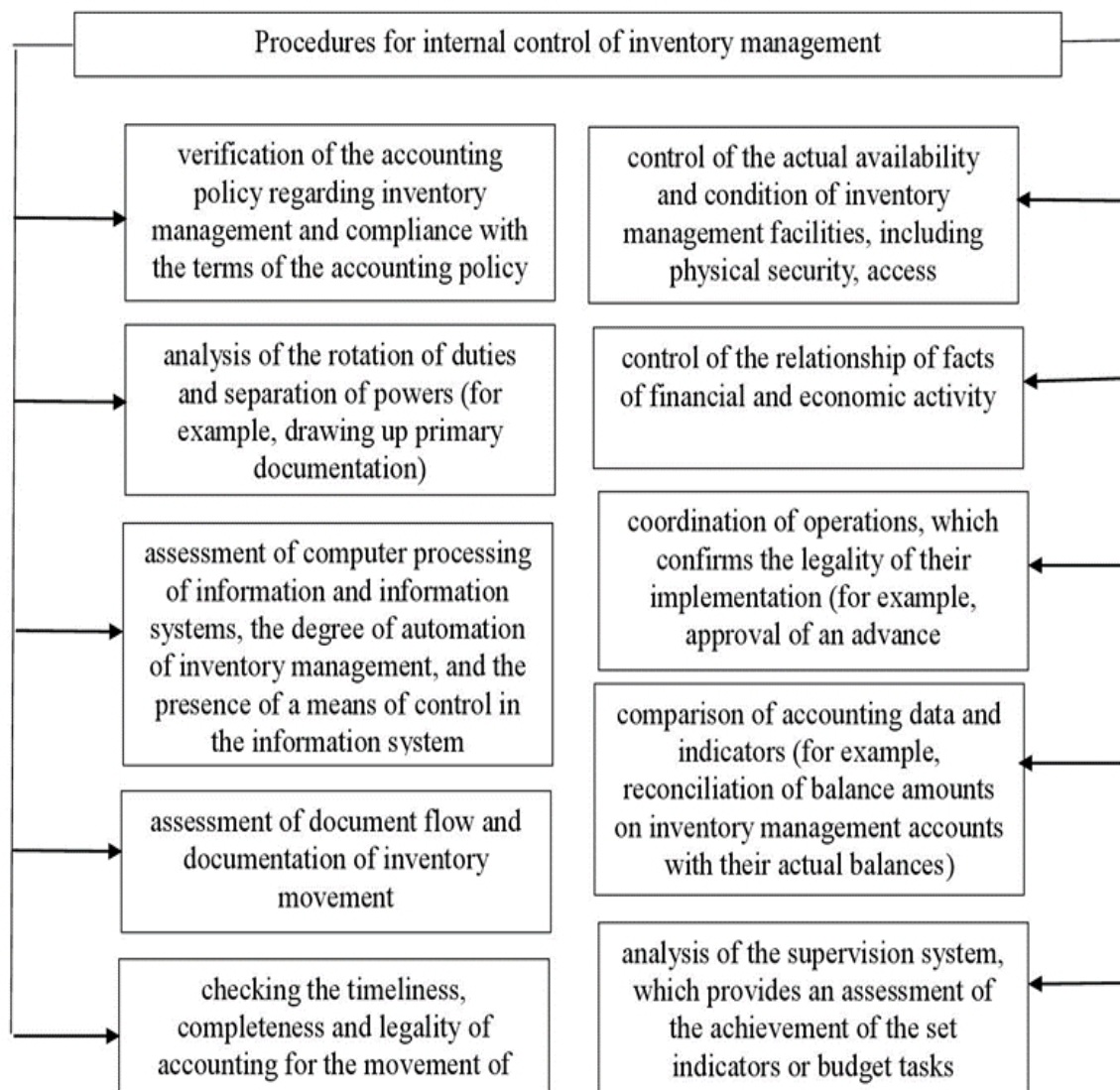


Figure 1. Internal control procedures for inventory management

To ensure high-quality internal control over inventory management, it is carried out in three stages [2]. 1. The organizational stage includes:

- Assessment of the tasks assigned in terms of compliance with the internal auditor's professional competence;
- Assessment of the sufficiency of the objects of inspection for the purpose of drawing up the conclusion;
- collecting sources for verification.
- determining the internal control methodology;
- determining the period of internal control.

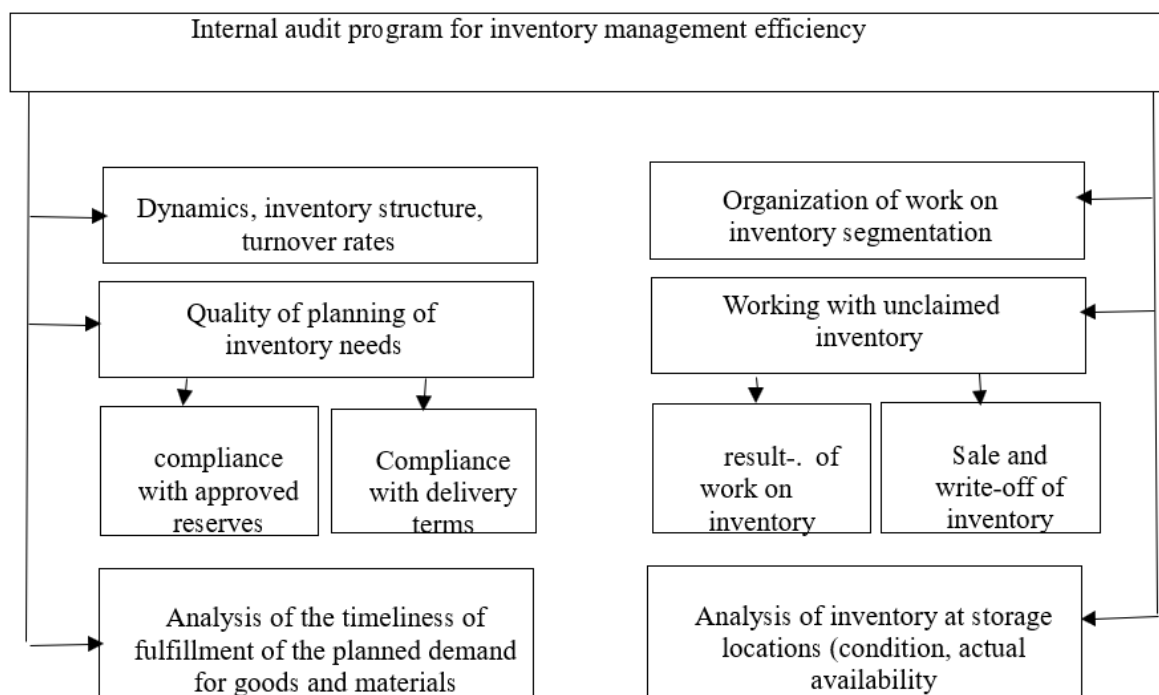
2. The research stage of internal control over inventory management includes [2]:

- Assessment of internal regulations and document management system in terms of inventory management;
- checking the control environment in terms of inventory management (the degree of security of the information environment, storage conditions of inventory, legal security of inventory management, etc.);

- preparation of working documents in the established forms (checks of individual reporting items, calculation and analytical tables, change matrices, etc.) for inventory management;
- economic analysis of information related to the subject of internal control of inventory management;
- comparing the results of economic analysis with the accounting and reporting data of economic entities and identifying possible deviations;
- identifying the consequences of inconsistencies between business transactions actually performed on the basis of primary documents and accounting and reporting data.

3. The final stage involves the direct execution of the internal control report (act), which mainly contains conclusions on the results of the audit and decisions on the elimination of identified violations. Thus, internal control of inventory management should be considered as a mechanism to protect the interests of owners from the risks of distortion of accounting and reporting on inventory management. The elements of internal control are determined by the economic entity independently. As a rule, the elements of internal control of inventory management include the regulatory framework, objectives, controlling and controlled entities, items and objects; limits and control procedures. To reduce the risks of ineffective use of inventory management, each economic entity should develop a specific internal control program for the use and preservation of material resources, which should include inspection methods, a detailed list of objects to be inspected, inspection periods and specific performers [3].

The internal audit program for inventory management efficiency is developed based on the goals and objectives to be disclosed as part of the assurance, and may include the following issues (Fig. 2) [3]:



The purpose of the audit is to assess the effectiveness of the inventory management process by solving the following tasks [4]:

- analysis of the organization of planning the need for inventory;
- analysis of the timeliness of fulfillment of the planned demand for goods and materials;
- analysis of the effectiveness of control procedures of the "inventory management" process, sub-processes "inventory segmentation", "work with unclaimed inventory";
- Providing recommendations aimed at improving the efficiency of the inventory management process.

When preparing for an internal audit, it is necessary to study the organization's local regulations for the existence of regulated procedures, for example, in the part of [5]:

- classification of inventory in creation;
- organizing deliveries on time;
- acceptance, warehousing, storage and delivery of goods and materials; - rationing of production stocks;
- inventory segmentation;
- plans for the consumption of goods and materials;
- handling unclaimed and illiquid inventory, etc.

For the convenience of work, the internal auditor can identify the main subprocesses for research and, taking into account professional judgment, form working hypotheses for the audit (Table 1) [5].

Table 1. Working hypotheses for an internal audit of inventory management

Subprocess	Problems	Working hypothesis
Planning the need	1. Failure to meet needs in a timely manner; 2. Lack of connection between the budget for inventory and the planned need; 3. Planning without taking into account available balances; Late write-off to production.	1. Mismatch between the annual procurement program and the budget; 2. The impact of adjusting the need on the planning process; 3. Poor planning of needs; 4. Failure to meet the needs of the procurement department in a timely manner; 5. Late write-off to production by structural units.
Inventory segment management	1. Lack of regulation on the organization of individual inventory segments; 2. Irregular work with inventory segments.	1. Absence/insufficient regulation of segmentation; 2. Lack of analysis of inventory segments; 3. Checking compliance with regulations.

When preparing for an internal audit, you should not forget to analyze inventory statistics. Based on the results of this analysis, you can [6]:

- identify the segments that have grown and conduct research to determine the reasons for the growth;
- identify unused inventory (by the date of the last movement) and identify the segments with the largest share of unused inventory;
- identify trends in the presence/absence of uneven write-offs of inventory (material and technical resources) to production, which may indicate problems with the supply of inventory, write-offs in larger volumes to artificially reduce inventory levels, etc.

In today's environment, the internal auditor should pay special attention to the organization of work at the enterprise with insurance and emergency stocks, since the availability of these stocks in the optimal amount ensures the smooth operation of production, in constantly changing market conditions, in particular, taking into account the increasing sanctions pressure.

Conclusions

Conclusion. Thus, the purpose of the internal audit of inventory management is to establish the completeness and correctness of accounting for the movement of inventory in the period under review. The recommended algorithm for conducting an internal audit of inventories is aimed at

expressing an opinion on the accuracy and completeness of the information on inventories in the organization's accounting (financial) statements.

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