

The Purpose and Tasks of Cost Audit in Entities Providing Electric Power Supply Services

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Abstract: All the changes being implemented in our country serve to improve the living standards of the population and reduce poverty. The leader of our country is doing a lot of work to develop small business and family entrepreneurship to reduce poverty. Electricity is one of the main costs affecting the cost of living due to the development of small business and family entrepreneurship. This article discusses the goals and objectives of accounting and auditing of electricity supply, as well as its achievements.

Key words: Small business, costing, auditing, electricity, investors, costs, population, accounting.



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The definition of auditing activity is given in the newly amended Law of the Republic of Uzbekistan “On Auditing Activity” as follows: “Auditing activity is understood as the entrepreneurial activity of auditing organizations in the field of conducting audit audits and providing other related professional services.”¹

One of the economists of our institute, Prof. K.B. Urazov, defined auditing as follows: “Auditing is a system of internal and external control, analysis and examination of the financial and economic activities of economic entities for compliance with laws and other regulatory documents from the point of view of the interests of the state and economic entities, as well as the provision of consulting and other types of professional services.”²

One of the important objects in entities providing electricity supply services is the audit of expenses. Since expenses directly affect the net profit of the enterprise, they require a comprehensive audit.

When it comes to expenses, of course, expense recognition and expense accounting have their own parts and departments:

¹ Узбекистон Республикасининг «Аудиторлик фаолияти туғрисида»ги Қонуни (янги таҳрири). Қонунчилик палатаси томонидан 2020 йил 10 ноябрда қабул қилинган. Сенат томонидан 2021 йил 5 февралда маъқулланган

² Уразов К.Б. Бухгалтерия ҳисоби ва аудит. 2-қисм. Маъруза матни. – Самарқанд, СамИСИ, 2004, 141-бет.

Table 1 Principles of cost recognition and accounting

№	The name of the principle	Reimbursement of expenses in the report
In the Law "On Accounting".		
1.	Discontinuity	This principle considers the enterprise as an entity in constant motion, that is, an entity that continues and develops its activities in the future. Accordingly, expenses are also recorded on an ongoing basis.
2.	Analysis of indicators	In order for cost information to be useful and meaningful, it should be comparable with information from different reporting periods. Users of the report should know the methods and principles in accordance with which this report was prepared. If there is a difference between the reporting indicators of the previous period and the reporting of the current reporting period, the reporting of the previous period should also be reclassified, and if reclassification (change) is not possible, explanations or disclosure of the nature should be provided in this section.
3.	Reliability	Information is considered reliable if it is free from material error or bias and can be relied upon by users. Cost accounting data should be free from error.
National overview of accounting		
4.	Double-entry bookkeeping	The meaning of this principle is that the amount of the transaction is reflected in two schets at the same time, i.e. the debit of one schet and the credit of the other
5.	Economic transactions, valuation of assets and liabilities in money	This principle means to reflect expenses in national currency, that is, in soums and tinyas.
6.	Accuracy	This principle means that the amount of each expense reflected in the account should have a strict documentary basis.
7.	Calculation	This principle means to recognize the costs according to the time of occurrence and from that time to reflect them in accounting and reporting.
8.	Foresight (prudence)	his principle means not to overstate (understate) expenses in the company's reports. Application of this principle does not give the right to create hidden reserves, increase (decrease) display of finished products for any purpose.
9.	Compliance of income and expenses of the reporting period	This principle means to include in the expenses of the accounting period the part that brought real income in this period.
10.	Clarity	This principle means that the items in the cost reports should be understandable to the users of the information.

11.	Completeness	This principle states that cost accounting information is aggregated for any accounting period.
12.	Speed	This principle implies the provision of accounting information on costs and changes in accounting policies to management bodies in a timely manner and in the required volume. The importance of information is also a relative concept, it is important only when it is timely, the role of information provided late or ahead of schedule decreases.
13.	The superiority of content over form	This principle states that if the information in accounting documents and financial statements faithfully reflects the substance of transactions and events, such information should be recorded and presented in accordance with its substance and economic reality, not only its legal form.

Analysis and results: Ensuring the realism of information on indicators that quantitatively and qualitatively reflect the activities of entities providing electricity supply services is extremely important for both internal and external users. For internal users, ensuring the realism of this information is based, first of all, on the fact that electricity costs are one of the main factors in shaping the profit of the enterprise. The emergence of inefficient costs by entities providing electricity supply services, embezzlement of vouchers ultimately leads to losses for entities in this sector. Losses, of course, can lead to a deterioration in the financial condition of the electricity supply enterprise, and even its bankruptcy. In order to avoid this situation, the managers of electricity supply enterprises must have real information about all ongoing costs, production processes, income from them, expenses and other indicators. Such information will allow the heads and employees of the management body to make appropriate decisions.

The reality of information on indicators that reflect the quantitative and qualitative performance of electricity supply enterprises is extremely important for external users. The range of external users of such information is very wide and numerous. First of all, they include external and internal investors. Investors do not allow their investments to be plundered. State control bodies are directly interested in real information about the activities of electricity supply enterprises. Since the results of this activity cannot but directly affect tax payments. Since the state is responsible for foreign investments made in various investment projects on the basis of a state guarantee, the rational use of funds directed to energy producers and sellers is necessarily controlled by state bodies. All of the above indicates that both internal and external information users at energy supply enterprises are interested in using objective external audit audits.

Based on the above, it is extremely important to correctly determine the main purpose of the audit of expenses of entities providing electricity supply services. This purpose is to provide both internal and external information users with an objective assessment of the correctness and legality of expenses in entities providing electricity supply services and the real reflection of information about them in accounting and reporting.

Based on this goal, the following tasks are set for the audit of entities providing electricity supply services:

- collecting supporting evidence on all indicators expressing the quantity and quality of electricity costs;
- determining whether all indicators expressing the quantity of electricity costs are correctly or incorrectly reflected in the accounts and reports;

- determining whether cost calculations in entities providing electricity supply services are correctly or incorrectly reflected in the accounts and reports;
- calculating all indicators expressing the quality of costs in entities providing electricity supply services and analyzing them dynamically and statically;
- revealing shortcomings in cost calculations and reporting in entities providing electricity supply services and providing specific recommendations for their elimination.
- providing audit recommendations for improving cost accounting in entities providing electricity supply services, etc.

Effective cost audits of entities providing electricity supply services require auditors to have a thorough knowledge of the status of enterprises engaged in this activity, the regulatory and legal documents governing their activities, and to fully comply with them.

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