

## **Expenditure Planning and Ways to Implement Internal Control**

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**Abstract:** The article describes the aspects related to material costs, product cost calculation, cost management, accounting management and control through the correct organization of management accounting in the implementation of costs, costing, cost planning and internal control.

**Key words:** costs, production costs, management accounting, main activity costs, material costs, product cost, calculation methods.

### **Introduction**

In the current period, the socio-economic development of the countries of the world differs sharply from the previous stages in terms of its meaning. The most basic and important aspect is the increasing integration and globalization of national economies. However, it should be noted that, along with the positive aspects of integration into the world economy and globalization, there are also certain conflicting aspects. Including, the lack of attention to the external factors affecting their formation in the management and accounting of expenses in economic entities, the need to provide information for making important strategic management decisions related to the activity of economic entities. The information presented in the management account, in most cases, leads to a sharp decrease in their efficiency due to the emergence of unusable products, untimely arrival or lack of identification of raw materials, which requires conducting research in this regard.

The head of our country, Sh. Mirziyoev said, "The following economic and financial indicators of the development of industry and other sectors can be cited: the condition of production facilities, the reduction of expenses and costs, localization and the level of profitability, and the absolute increase of product competitiveness. While the average cost reduction by industry was 10 percent, chemical and light industry. states that "automobile industry, construction materials and some products of a number of other industries cannot compete in foreign markets due to their high prices" [1].

In management accounting, the main focus is on the effective management of the internal activities of economic entities, and the external environment of the operating business is not taken into account, therefore even today there is a great need to organize the concept of management accounting, which focuses on the external environment, that is, strategic management accounting. due to the need to introduce strategic management accounting, it was scientifically substantiated using the methods of comparative analysis, systematic approach and abstract analysis. The stable development of business entities, improvement of their financial situation largely depends on the internal control system they have. The internal control system includes a continuous process, including the justification and implementation of development methods, as well as the identification of factors that have a negative impact on the financial and economic activity of the enterprise.

The quality and efficiency of the audit are important in conducting the audit. For this, first of all, the auditor should thoroughly study the state of the internal control system of the audited client enterprise. Because the internal control system is directly related to the audit risk, during the audit, the auditor reduces the risk to an acceptable low level. It is necessary to assess the state of the internal control system by applying audit procedures .

### **Analysis of literature on the topic**

Regarding the role of management accounting in economic entities, the implementation of cost accounting and internal control, foreign and domestic economists have expressed the following views:

The Russian Tax Code provides the following definition: "Costs of production and sale of products that determine the cost are natural resources, raw materials, main and auxiliary materials, fuel, energy, fixed assets, labor resources and other operational costs used in the production of products, as well as production consists of the value of non-existent expenses" [3].

V.E. Anfyorova, V.A. According to Grekova, it has been proven that the budget internal audit service should consist of three main elements: internal control, internal audit and their coordination[4].

Sukhix V.S notes that the management environment as an element of the internal control system is more dependent on the employees of the organization, because the maximum regulation of control actions, the creation of rules will not be able to prevent errors or illegal actions[9] <sup>1</sup>.

O.B. Fomina "Expenses are reflected in the reduction of private capital during the reporting period, in the form of a decrease in assets or an increase in the amount of

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<sup>1</sup> Сухих В.С., "Формирование системы внутреннего аудита в федеральных университетах в Российской Федерации", Диссертация: на соискание учёной степени кандидата экономических наук, Екатеринбург – 2016;

liabilities, regardless of the distribution of contributions in favor of claimants in relation to the private capital of the organization"[10].

N.B. According to Abdusalomova, the main focus of the management account is on the expenses incurred by the enterprise. In the conditions of innovative technologies, most of the costs are directly related to product production [5].

Avlokhlov A.Z. It incorporates the generalized technology of planning, accounting, and control aimed at regulating the activities of the enterprise in order to justify its financial stability and control over the implemented projects [6].

K.M. Misirov stated that the direction of accounting of material costs in enterprises is a field of activity that requires accounting of production costs according to specific types and purpose[7].

A.H. Pardaev and others, management accounting is a component of the information system of the economic entity. The efficiency of production activity management largely depends on operational (quick) information obtained about the activities of structural systems, departments and divisions of the economic entity [8].

Khaidarov Sh.U. Costs are taken into account according to the norms established for the use of raw materials, materials, labor and production capacity. The norms are periodically analyzed and reviewed according to current conditions[11].

### **3. Research methodology.**

Statistics, comparison, grouping, expert evaluation, observation, generalization, analysis and other methods were used to cover the topic of this article. Cost planning and internal control functions are defined depending on the specific characteristics and content of the economic entity's activity, financial and economic activity indicators, management system. In the implementation of internal control, it is important to pay close attention to important processes and indicators (production, delivery, sales, etc.), internal reporting, internal audit reports.

### **4. Analysis and discussion of results.**

In today's globalization conditions, it includes the management of actual and planned expenses in the planning, estimation, control, and budgeting of expenses in economic entities. Cost planning is then used as a baseline against which variances between actual costs and projected benefits can be tracked.

As the competitiveness of economic entities increases, it becomes difficult to determine priorities and planning in time. Many business entities rely on hard decisions: that is, planning plays an important role in the resolution of inconsistencies in the budgeting of costs of the previous period in the new fiscal year.

In today's modern economy, cost planning is not always ideal, and the decisions made by the head of the economic entity depend on the fact that many aspects of

internal cost control are taken into account. Determining the place of internal control and, in particular, internal control of costs in the management of economic activities is combined with economic analysis. Accounting accounting is viewed as a control function independent of management implementation. In management accounting, as an integral part of cost control, internal control is not considered as an independent type of control, and its role is not considered significant. However, the concept of internal control can be interpreted as one of the stages of the management process. Accounting and control of material costs in the management accounting system is a tool that allows not only to calculate and control the component of current costs, but also to plan, record and control all costs of production and management, business stages.

The concept of organization of internal control includes several main elements:

- the internal state of the enterprise - this is the ethical value of the enterprise, management style, decision-making process, acceptance of responsibility, policy of attitude to the person, competence of employees and attitude of the management apparatus to internal control;
- occurrence of daily control, accounting and reporting, division of labor, access to assets and monitoring.

Cost minimization is achieved by analyzing costs in terms of quantity and quality indicators in the production of products and services in management accounting.

In our republic, the cost items are approved by the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 54 of February 5, 1999 (as amended by the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 567 of December 25, 2003) " Production (work, service) and It is based on the Regulation on the composition of sales costs and the procedure for forming financial results .

Based on this Regulation, all cost items can be expressed as follows:

1. Costs included in the cost of production of products:

- direct and indirect material costs;
- direct and indirect labor costs;
- other direct and indirect costs, including production overheads .

2. Period expenses

- sales costs;
- administrative expenses;
- other operating costs and losses.

3. Expenses for financial activities:

- interest expenses;
- negative exchange rate differences arising in foreign currency operations;
- revaluation of funds invested in securities;

- expenses for financial activities.

#### 4. Extraordinary damages [2].

Costs added to the production cost of products production or product represents the assessment of natural and labor resources, raw materials and materials, fuel and energy, fixed assets and other costs related to production used in processing (work, service) of production costs by calculable elements serves to determine the cost of products. These costs are related to preparation of raw materials and materials, processing, repair of defective products, production of semi-finished products. Non-production expenses include expenses for cultural and household objects of the enterprise. In order to ensure accounting of production costs by elements and calculation items, all costs of the main production are grouped according to the types of products being prepared in the 2010 "Main production" account. 2010 - the following enterprises and organizations use the "Main production" account for cost accounting:

- industrial and agricultural enterprises for product production;
- construction-assembly, geological-exploration contract, geological and project research organizations;
- transport and communication enterprises for the provision of services;
- scientific-research enterprises for carrying out scientific-research and design work;

- Road signs on maintenance and repair of car oils . The debit of this account reflects the costs directly related to the production of products, the performance of work and the provision of services , as well as the costs of auxiliary production, losses from defective products , and direct costs related to the management and maintenance of the main production. . 2010 – the credit of the "Main production" account reflects the actual cost of finished goods, work performed, and services rendered. Relevant expenses for determining the cost of the product (work, service) in auxiliary production 2300 – It is grouped in accounts "Auxiliary production account " .

2300 - "Auxiliary production account " accounts are used to account for the following auxiliary productions:

- providing assistance with various types of energy ( electricity , gas, etc.);
- implementation of transport services;
- repair of fixed assets;
- preparation of instruments, stamps, building details, constructions;
- mining of stone, gravel, sand and other non-ore materials;
- wood preparation and processing of materials;
- salting, canning and canning of agricultural products (mainly in trade enterprises);

- repair, tailoring, etc. of special clothes and shoes. Also, in these accounts, in accordance with NAS No. 21, the costs of scientific research and experimental design departments, which are on the balance sheet of economic entities, can be taken into account. 2300 - direct costs related to product production, service and performance of work, as well as indirect costs related to auxiliary production services are reflected in the debit of " Auxiliary production account " accounts, which are damaged by defective products.

Internal cost control is an important part of management accounting for increasing the investment attractiveness of an economic entity, improving its economic status, and ensuring the effectiveness of its activities .

They are responsible for planning and internal control of expenses in economic entities . Internal control only errors and omissions not to eliminate but also from possible risks warns. Organization of the internal control system has been revised According to the Law of April 13, 2016 "On Accounting" is entrusted to the head of the enterprise. internal audit of the internal control system of the enterprise, it can be organized in the form of control and inspection. Let's distinguish them from each other Let's look at the following table:

**Table 1**

**Internal control system , internal audit service and control inspection service concepts mutually the difference<sup>2</sup>**

Characteristic	Internal audit service	Internal control service	Inspection service
The goal	Enterprise efficiency increase	Internal control efficiency organize to do and storage	of resources ineffective to use to determine and punishment apply
Main customers	Directors council and shareholders common meeting	Systematic management	Shareholders common meeting
Specification	Business in progress analysis and risk identification the future development	Business in progress whole one system analysis	Being past event events again development

If in the enterprise internal control system efficient organize done if not , internal audit service less his efficiency evaluate more attention assets keep them efficient use and focuses on losses .

<sup>2</sup> Кабашкин В.А., Мышов В.А. Повышение роли внутреннего аудита и контроля в условиях рыночной экономики // Международный бухгалтерский учет. 2011. № 13. С. 36–46.



Internal control system the whole of the economic entity a business process cover take his from being planned pulling financial the report until the trap has been includes processes .

Economy host of the subject purpose high level income get and enterprise activities significant level high to the position raise is considered Internal control system while this providing giver from systems serves as one . Only him right organize by doing taken the economic entity depends on the leader . Internal control system right organize to be done for the following of elements right , sure and own in time organize to be done attention focus should :

- information collect system is available mistakes own in time determines ;
- valid responsibility system each how task from the head until the end alone himself done to increase road does not put ;
- each how transactions coordination system available ;
- inventory regularly respectively will be held ;
- accounting reports and from the plan aside exits analysis will be done .

If each daily work internal control under if , revenues increases . The risk of losing income is also reduced if the day job is reliable. The structure of internal control is different, it depends on the activity of the enterprise, its size, its equipment with information technologies, the management's ability to personally control and many other factors.

### **Conclusions and suggestions.**

The effective operation of economic entities is determined by the coordination of the activities of its organizational departments, which, in turn, requires the implementation of accounting and the improvement of the internal control system. For the internal control system to be effective, it is very important to have an adequate distribution of functional responsibilities or service tasks. This is an important condition for the effectiveness of control actions.

These include:

- economy transactions done to increase permission to give Permission known to give kind of transactions ( eg , all kind of sale ) related to , general , or special ( eg important asset to sell permission give ) to be can economy transactions to the list get In economic entities, x hearth transactions to record ( calc conduct ) and report works with the help of information technology do it
- economy of funds idol preservation provide This means actual ownership or control over assets belonging to the enterprise;
- the actual availability of the amounts reflected in the accounts, periodic comparison of assets. This means regular inventory of assets and application of

appropriate measures in case of discrepancies.

This point of view from the point of view management account in the system internal control improvement separately place holds In our republic economic of knowledge relatively new network as management account system internal control to himself feature and his a lot edge unconventional of means application demand does Management account system internal control goals and of tasks done increase through his improvement management small systems ( sales , supply , price formation ) of logical-critical analysis and systemic problem approach done increase enable gives

Taking into account the above-mentioned points, within the internal control of the management accounting system, the management system can be characterized as an effective means of researching the economic and other problems of the metallurgical enterprise.

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