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GOALS AND OBJECTIVES OF THE MANAGEMENT REPORT AUDIT

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The preparation of non-financial statements is one of the key factors for ensuring the sustainable development of the enterprise, increasing its investment attractiveness and competitiveness, and the opinion of an independent auditor increases confidence in the reliability of the information provided in the following statements. According to part 3, article 14 of the Law of Ukraine "About auditing, financial reporting and auditing in Ukraine" statement of management subject to mandatory audit and the audit report by results of the conducted audit provides an auditor's opinion on consistency of management report and financial statements for the reporting period. Auditors also need to disclose the existence and nature of material misstatements in the management report. Currently, there are no clear instructions and recommendations on the list and sequence of audit procedures that should be applied by auditors to conduct an independent audit of the management report. Therefore, the development of organizational and methodological provisions for the implementation of an independent audit of the management report is an important and urgent task of scientists and practitioners.

The regulatory requirement for the preparation of a management report is caused by Ukraine's involvement in the trends of globalization, the spread of the idea of sustainable development and the need to implement the provisions of Directive 2013/34/EC and IFRS in the national regulatory framework. The law of Ukraine "On accounting and financial reporting in Ukraine" [3] defines the main provisions of the management report as a document that contains financial and non-financial information that characterizes the state and prospects of the enterprise and reveals the main risks and uncertainties of its activities (article 1). In accordance with clause 7 of article 11, the management report is submitted together with the financial statements and consolidated financial statements in accordance with the procedure and terms established by law [3].

Only medium-sized and large enterprises are required to form and submit a management report (clause 7 of article 11 of the Law of Ukraine "On accounting and financial reporting in Ukraine"), while medium-sized enterprises can include only financial information in it. This is a significant relief, since it is non-financial information that makes up most of this report in practice.

According to the criteria for dividing enterprises into large ones, medium and small in Ukraine, about 500 large and medium-sized enterprises must make a management report. And these are the companies whose contribution to the economy is the most significant.

The law sets minimum requirements for the content and format of the management report. However, taking into account the main trends in financial disclosure and the chosen approach, the Guidelines for the preparation of the management report are based on the concept of providing information, which provides for disclosure:

1) key indicators that reflect the impact of the enterprise that reports on the economic, environmental and social spheres of society;

2) other material information disclosed according to the size and complexity of the business.

For systematization and comparability of information in the management report in accordance with the Guidelines for the preparation of the management report [1], it is necessary to disclose information about the company's activities in the following areas:

1) organizational structure and description of the company's activities;
2) results of operations;
3) liquidity and liabilities;
4) environmental aspects;
5) social aspects and personnel policy;
6) risks;

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7) research and innovation;

8) financial investments;

9) prospects for the development;

10) corporate governance (including companies that are issuers of securities whose securities are admitted to trading on stock exchanges or whose securities have been publicly offered).

The list of indicators specified in the areas of disclosure and the method for determining them are contained in separate sections of the Guidelines for the preparation of the management report.

Due to the fact that the management report has the status of mandatory disclosure and must be publicly available on its own web page or website, in order to confirm the quality of the information provided, according to the provision of ISA 720 "auditor's Responsibility in respect of other information", the auditor's responsibility is to determine whether there is a significant discrepancy between this report and the financial statements.

According to the requirements of ISA 720 "Auditor's responsibility for other information", an auditor who has read other information (management report) has the following objectives: "to consider whether there is a material discrepancy between other information and the financial statements; to consider whether there is a material discrepancy between other information and the auditor's knowledge obtained during the audit; to take appropriate action if the auditor discovers that such material inconsistencies may exist, or if the auditor becomes aware that other information may be materially misstated; and to report in accordance with this ISA" [2].

The purpose of the audit of the management report is to establish the reliability of its indicators and compliance with the indicators of the company's financial statements. This goal can be achieved by solving a number of tasks related to the disclosure of the necessary sections of the management report by the enterprise:

- establishing the correspondence of the organizational structure and description of the company's activities to the actual state of Affairs;
- determination of the correctness of accounting accounts, internal and financial reporting of balances and turnover based on the results of operations;
- establishing the accuracy and reliability of calculations of liquidity indicators and liabilities;
- analysis of information about the environmental aspects of the facility's production activities;
- determination of social aspects and features of personnel policy;
- analysis of the risks specified by the company in the report of the company's activities;
- checking the costs and results of research and innovation;
- determination of reliability of amounts and profitability of financial investments;
- establishing compliance with the company's stated development prospects;
- analysis of the state of corporate governance.

When implementing a set of the above tasks, the auditor is able to obtain a number of audit evidence that must be relevant, reliable, sufficient and acceptable during the audit of the management report. After all, the audit report on the results of the audit should contain the auditor's opinion on the consistency of the report on the management of financial statements for the reporting period.

The objectives aimed at the detection and elimination of inaccuracies and violations to fill the report control, which can be divided into three groups: unreliable and inaccurate coverage of aspects of operations, arithmetic error in the reflection of the estimated financial and non-financial indicators, the discrepancy of the data included in the report on management similar to the financial statements.

Keywords: enterprise; audit; management report; report control.

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