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**DISCUSSION ON ORGANIZATIONS TO ACQUIRE INFORMATION
OF PRODUCTION COSTS IN THE ROADWAY CONSTRUCTION ENTERPRISES
IN CENTRAL REGION OF VIETNAM**

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Abstract. Acquisition of accounting information on production cost is the beginning of the entire process of the production cost accounting, which is crucial for the integrity and objectivity of accounting data and accounting reports of the production costs, it is also a basis for checking and controlling financial and economic activities of the company. To accomplish this, the first task of acquiring information on production costs is to set up the relevant accounting information system. Content of the article refers to the organization of acquiring accounting information on production costs, which includes direct labor cost, materials cost, construction equipment cost and general production cost at the Roadway Construction Enterprises in Central Region. This process shows that the compilation and circulation of accounting vouchers plays an important role because it can take step by step by competent person as well as a cross-control in the process of implementing professional services.

Keywords: accounting information; production costs; relevant accounting; the road construction.

The next step of implementing the provisions of the law on accounting documents is the inclusion of the information on the incurred economic operations reflected in the accounting documents. Check the authenticity, legality, accuracy of the document criteria. A voucher satisfying the above requirements can be used to record in the accounting books. It's needed to build the document circulation for each type of financial – economic transaction incurred to ensure that the involved management departments, the accounting department can check the financial and accounting contents reflected in accounting documents then they can proceed with records and settlement and timely provide data to the leaders and managers of production and business activities of the enterprise.

Organization to acquire information of production costs of the Roadway Construction Enterprises in the Central Region represents the liability in the acquisition of information on production costs of workshops and construction teams. Depending on who is the responsible for gathering the production costs and the task-assignment form, preparation and circulation of accounting documents will

be implemented for settlement of the production costs subject to each payable object.

In the original account, documents related to the actual production costs incurred are vouchers on cost factors, such as vouchers of supplies, vouchers reflecting labor costs, depreciation of assets fixed cost and cash costs, etc.

Through fieldwork in some Roadway Construction Enterprises in the Central Region, there are some companies such as Cienco JSCO 482, Cienco JSCO 475, Construction & Investment JSC 785, so on applying cost classification based on the purpose and effect of the cost. Accordingly the costs are divided into the following categories: direct raw materials cost, direct labor cost, construction machinery and equipment cost and overall production cost. Therefore, the accounting documents related to the actual cost of production is the testimony of the expenditures: supplies vouchers and documents reflected labor costs, cash costs, depreciation fixed costs, etc.

For the direct raw material cost: In fact, the Roadway Construction Enterprises in the Central Region have two cases that are lump

sum for construction team and direct management of in/out materials from the company's storehouse.

In case where the lump sum is not applied, the storehouse is normally installed at the site for convenience in use. Based on the monthly consumption quota, main materials and auxiliaries will be imported adequately to the storehouse by material accounting sector, the vouchers will include: purchase agreement, VAT invoice, and receipts. Storekeeper and involved accounting staff will check against the volume then send a full set of documents certified by the storekeeper to the company's accounting department for processing payment or for debt recorded. Upon the material consumption need of the construction team, accountant will issue outgoing bill with full information of the recipient's name, sector in need and production time for accounting the expenses into the direct material costs or general operation cost.

Basing on material quota of construction work and construction items established in detailed by Technical Department with each type of material used for construction and construction items.

- *For the materials coming out from storehouse:* Depending on actual construction work, when there is demand for materials, construction manager will make request for materials in writing to the Material Department to issue the delivery slip. Then the delivery slip is made by staff of the Material Department with 3 copies: one copy is with the construction manager, one copy is archived at the Materials Department and the rest is kept by the storekeeper. After the slip is signed by the involved members, the storekeeper will supply materials for the construction team. The delivery slip will be sent to Accounting Department by the storekeeper every 10 days. Materials Accountant will keep tracking on actual delivery detailed recorded in end-term accounting record (end of quarter). Based on value and quantity of inventory at the beginning of the quarter and delivery during the quarter, the accountant will calculate actual cost of inventory for each type of raw material in the period under the first in first out method.

At the end of period, based on the detailed materials record, accounting instrument and tools to establish allocation table of materials, instrument and tools. This table is to reflect value of materials, instrument and tools out-warehoused during the quarter to the related object.

- *For outside-purchased raw materials and non-stored retailing:* Some raw materials such as sand, stones, gravel, etc. which have huge volume while the construction site is located far away from the company's storehouse, such materials should not be warehoused. When the Construction Manager make a request for materials supplies to the Operational Director, these materials will be purchased and transported to the construction site.

The construction manager makes "minutes of material delivery" with the supplier and get the V.A.T invoice. After receiving the material delivery, based on the delivery slip, accountant will make "list of materials". The accountant also makes "outside purchasing services cost" basing on the delivery minutes enclosed with the V.A.T invoice submitted by the construction team together with the delivery slip.

In case of lump sum payment, the company will make lump sum payment for the construction teams. In this method, the construction teams will sign a materials supply contract and request for advance payment at the rate agreed upon in the contract allocated internally. Under this method, materials and quality management will be responsible by the construction teams in accordance with requirements of the companies. Purchasing will depend on the actual demand generated from the construction activities. In case the company is responsible for direct supplying the materials, the supplies will base on the request by construction teams then compare to the Bill of Quantity and Cost Estimation made by Planning Department, Materials Department will purchase and send delivery slip directly to the construction site. The delivery slips will be collected periodically and sent to the Accounting Department. The delivery slip, with clear information of the construction site to which the delivery will be executed, will be a basis

for making it settled to the related payable. The materials those are used many times for the project will be accounted as gradual allocation to the payable.

For direct labor cost: Currently the Roadway Construction Enterprises often based on the estimates of the cost norms for implementation of internal lump sum for labor costs, the construction teams will pay wage for workers on the basis of labor costs to be allocated as a lump sum. For the processing of product-based payment for workers (Roadway Construction and Management One Member Ltd Co., 496, TST Trading and Construction JSC, Cienco JSC 484, etc), the workers who are listed in the team will be paid salary based on timesheet and workdone acceptance according to the contract. The salary payment table will be made with signature of the workers. Representative of the team will send the supporting documents to Accountant Department to conduct cost accounting.

For executing machine using cost: construction machinery and equipment of the Roadway Construction Enterprises include bulldozer, carpet machine, compactor, concrete mixer, etc. Those machineries cannot be avoided being damaged during the operation process. In the Roadway Construction Enterprises particularly, using of the old equipment and machineries resulting high costs for repairing and maintenance which bring up the executing machine using cost to be highly increased. Introduction of straight-line-method depreciation according to Circular No. 45/2013/TT – BTC which promulgates the management, usage and amortization of the fixed asset depreciation. Calculation of construction equipment depreciation during working at site will be monitored at the Accounting Department through depreciation sheet. Those company have the depreciation of fixed asset registration with the competent agencies.

The additional cost incurred by operation etc will be monitored in the equipment operating cost sheet by the site accountant, depreciation of construction equipment will be implemented at the Company's Accounting Department. Then summary cost will be made

by the accountant incharge of fixed assets and allocated to every project. Allocation of construction equipment cost is based on equipment cost of each project, the accountant will base on detailed fixed asset tracking book and equipment cost of each project to calculate amount of depreciation and major repairing cost of each project.

- **For outsourced machineries and equipment:** During construction period, if additional equipment is necessary or the company does not have the required equipment, the construction manager can rent construction equipment from outside. Renting equipment should be reasonable and should not be wasted in any way. There must be equipment renting contract because this is an evident document to record in the accounting book. Currently, equipment rental is usually processed by a lump sum. All costs related to the construction equipment will be heard by Party B. In the rental contract, it should be specified clearly the construction volume, completion period, construction quality and amount to be paid.

- **For company-owned construction equipment:** The operator to make a schedule for equipment operation, at the end of the month, the operator wage will be calculated based on the timesheet.

Settlement of fuel cost will be based on the operation schedule of the equipment and made by the construction team, after collecting the costs related to construction equipment, the site accountant will make a construction equipment cost table.

For overall operation cost: including salary for team leaders, deductions at the rate prescribed, depreciation of public fixed asset and other expenses in cash. Vouchers of overhead cost in the construction team such as direct labor cost voucher; vouchers of overall operation costs include pay slips, prepaid expenses allocation, materials and tools list, precipitation of fixed asset, VAT invoices, receipt voucher, debit note, contract, etc.

Full set of overall operation cost will be collected and be allocated to the related payable objects at the end of the term according to appropriate criteria.

So, organization to collect evident documents to make accounting vouchers is the primary job of establishing accounting information system. In order to collect accounting data of the production costs, the Roadway Construction Enterprises in the Central Region need to define a certain voucher system in which identifying the voucher used for financial accounting and the ones used for management accounting. However, the content and method of recording in the voucher must be consistent. The establishment of form for accounting voucher on production cost is very important that ensure an honest, timely and sufficient collection of the accounting data.

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