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**AUDIT OF FIXED ASSETS OF THE ENTERPRISE:  
ORGANIZATIONAL AND METHODOLOGICAL ASPECT**

**Abstract.** *The article examines the essence of fixed assets at the enterprise, considers the peculiarities of the organization and methods of auditing fixed assets taking into account the provisions of international auditing standards (IAS). The work proves the importance and necessity of conducting audits of fixed assets at the enterprise. The peculiarities of the organization of the audit of fixed assets are studied, the task is formed and the sources of the audit of fixed assets are summarized, methodological techniques and stages are given. The stages of verification are defined. The following scientific methods and techniques of cognition were applied: analysis, synthesis, generalization and induction.*

**Keywords:** *audit; fixed assets; audit plan; audit program; audit report; international standards.*

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**АУДИТ ОСНОВНИХ ЗАСОБІВ ПІДПРИЄМСТВА:  
ОРГАНІЗАЦІЙНИЙ ТА МЕТОДИЧНИЙ АСПЕКТ**

**Анотація.** *У статті досліджено сутність основних засобів на підприємстві, розглядаються особливості організації та методики аудиту основних засобів з урахуванням положень міжнародних стандартів аудиту (МСА). У роботі доведено важливість та необхідність проведення аудиторських перевірок основних засобів на підприємстві. Досліджено особливості організації аудиту основних засобів, сформовано завдання й узагальнено джерела аудиту основних засобів, наведено методичні прийоми та етапи. Визначено етапи перевірки. Були застосовані такі наукові методи та прийоми пізнання: аналіз, синтез, узагальнення та індукція.*

**Ключові слова:** *аудит; основні засоби; план аудиту; програма аудиту; аудиторський звіт; міжнародні стандарти.*

**Introduction.** At the current stage, the economic activity of enterprises isn't possible without the use of fixed assets. Effective management decisions regarding fixed assets require the presence of clearly organized, rational accounting of operations with fixed assets. However, today many enterprises are faced with a sufficient number of problems in the area of tax and financial accounting and auditing of fixed assets, for example: frequent changes and amendments of legal regulations regarding fixed assets; lack of relationship between financial and tax accounting of fixed assets, as well as constant changes in the fair value of fixed assets, and as a result, the need for their revaluation, inventory, etc. Therefore, today, studying and improving the audit of fixed assets is an urgent issue as a guarantee of keeping records of fixed assets in compliance with the requirements of current legislation.

Such scientists as M. Ogiychuk, L. Gutsalenko, S. Vizyrenko, T. Butynets, T. Melikhova, A. Makarenko, G. Datsenko were engaged in the study of the issue of the audit of fixed assets, methodology and organization of the audit. In modern conditions, company managers seek to receive objective information about the condition and use of fixed assets, and therefore the audit of fixed assets is an important component for providing such information.

Under modern business conditions, management of enterprises strive to obtain objective information about the condition and use of fixed assets, and therefore, in order to provide reliable information to its users, the audit of fixed assets is a significant component. Thus, taking into account the variability of the operating conditions of enterprises, the issue of improving the audit of fixed assets requires further research.

**Setting objectives.** The main purpose of the article is the study of fixed assets as the object of an audit, the disclosure of the basics of the theoretical and practical nature of the audit of fixed assets, the order of organization and methodology of the audit of fixed assets according to international standards, the identification of problems related to the audit of fixed assets and the search for ways to solve them.

**Research results.** According to P(S)BO No. 7 "Fixed Assets", fixed assets are material assets that the company holds for the purpose of using them in the process of production or supply of goods, provision of services, leasing to other persons or for the implementation of administrative and socio-cultural functions, the expected period of useful use (exploitation) of which is more than one year, or the operating cycle, if it is longer than one year [1].

Fixed assets are the main component of the material and technical base of a business, which is why the correct organization of accounting and auditing of this type of assets is an extremely important and difficult task.

The audit of the fixed assets of the enterprise must confirm compliance with the requirements of the specified normative legal acts and be carried out on the basis of the Law of Ukraine "On the Audit of Financial Statements and Auditing Activities".

The objects of the audit of fixed assets are groups of fixed assets, their value, the correctness of documentation of transactions with fixed assets, the reliability of accounting and display of fixed assets in financial statements, as well as indicators of the use of fixed assets, internal control, organization and planning of security and use of fixed assets at the enterprise.

The purpose of the audit of fixed assets in accordance with ISA 200 "General objectives of an independent auditor and conducting an audit in accordance with International Auditing Standards" is the auditor's expression of an independent professional opinion regarding the correctness of the display of information on fixed assets in the company's reporting [2].

The tasks of the audit of fixed assets are:

- verification of the classification correctness of objects to the category of fixed assets;
- verification of the legality and correctness of operations related to the movement of fixed assets;
- control over compliance with the rules of documentation of operations on fixed assets;
- control over the availability and preservation of fixed assets;
- verification of the correctness of the display on accounting accounts of transactions related to the movement of fixed assets;
- verification of correctness and timeliness of accrual, inclusion of amortization costs in production costs;
- verification of the correctness of revaluation of fixed assets;
- verification of transactions related to the lease of fixed assets;
- verification of the correctness of the display in the accounting of recovery of fixed assets;
- analysis of indicators of the use of fixed assets;
- comparing the data of primary, analytical and synthetic accounting documents with the data reflected in the company's reporting, in order to establish their compliance [3].

Sources of audit of fixed assets include:

- order on the accounting policy of the enterprise;
- the charter of the enterprise;
- administrative documents of the head of the enterprise, certifying the fact of putting the fixed assets into operation;
- primary accounting documents reflecting operations on fixed assets;

- registers of synthetic and analytical accounting by accounts: 10 "Fixed assets", 13 "Depreciation of non-current assets", 15 "Capital investments", 23 "Production", 40 "Registered (equity) capital", 41 "Capital in additional assessments", 42 "Additional capital", 46 "Unpaid capital", 63 "Accounts with suppliers and contractors", 74 "Other income", 91 "General production costs", 92 "Administrative costs", 94 "Other costs of operational activity";

- acts and certificates of previous audits, audit conclusions, internal control data and other documentation summarizing control results;

- accounting reporting;

- repair plans (estimates) of fixed assets

Conducting an effective audit of fixed assets requires the existence of an audit plan and program. The audit of fixed assets at the enterprise includes several stages:

1) study of the accounting policy of the enterprise in relation to the basic provisions of the organization of the accounting of fixed assets;

2) checking the correctness of recognition, classification, assessment and revaluation of fixed assets;

3) verification of the correctness of primary accounting of fixed assets;

4) verification of the correctness of the display of operations on the movement and disposal of fixed assets;

5) verification of the results of the inventory of fixed assets;

6) verification of the correctness of depreciation accrual in accordance with the company's accounting policy and current legislation;

7) verification of the correctness of the display and registration of operations on repair, modernization, reconstruction of fixed assets;

8) verification of compliance of data from the accounting of fixed assets in accounting registers and financial statements;

9) verification of the correctness of the display of fixed asset accounting operations;

10) compilation of working documents, audit opinion [4].

The first thing to be studied during the audit of fixed assets is the accounting policy of the enterprise. Because before checking how accounting is carried out, it is necessary to check how this accounting is organized at the enterprise. The accounting policy in accordance with P(S)BO No. 7 "Fixed Assets" must specify the methods of valuation of fixed assets, their classification at the enterprise, methods of depreciation, signs of inclusion of objects in the composition of fixed assets, etc.

The auditor must verify the compliance of the accounting policy with the current legislation and accounting requirements for fixed assets. The auditor checks whether it is appropriate to use this or that form of accounting organization, whether it meets the specific conditions of the enterprise. The state of synthetic accounting and its relationship with analytical accounting data is also subject to verification.

An important task of the auditor is also to carry out an assessment of the internal control system, the main purpose of which is to create a basis for planning an audit, as well as to determine the type, time, and scope of audit procedures, which are reflected in the audit program.

Competent and reliable study by the auditor of the internal control system forms the nature and quality of the audit. The internal control system can be considered effective if it timely warns of the occurrence of inaccurate information and detects it. In the direction of fixed assets, the tasks of the internal control system are to help minimize the risk of business entities in relation to the inefficient use of fixed assets, develop an effective mechanism for their preservation, the feasibility of using the chosen method of calculating depreciation, the

correctness of the assessment of fixed assets, avoiding the possibility of charging fines for violation of tax legislation regarding the accounting of fixed assets [5].

The issue of audit planning is regulated by ISA 300 "Planning an Audit of Financial Statements", according to which the auditor's goal is to plan the audit so that it can be performed effectively.

The audit plan determines the sequence of the auditor's actions, that is, in which directions and with what intensity the inspection will be carried out. The audit program is a development of the audit plan and is a list of audit procedures, which are used to check specific audit objects and accumulate information for an audit opinion. In the audit program, specific tasks, measures and procedures are developed for each audit object and types of work.

The audit opinion is based on reliable evidence. The main source of audit evidence is the audit procedures performed in the audit process. ISA 500 "Audit evidence" defines the list of procedures that are carried out for the purpose of formulating reasonable conclusions. These are: verification, observation, external confirmation, recalculation, re-execution, analytical procedures, inquiry. In addition, this auditing standard defines the auditor's responsibility for developing and performing audit procedures to obtain acceptable audit evidence in sufficient volume, which will give him the opportunity to further formulate reasonable conclusions on which the auditor's opinion will be based. Therefore, the purpose of the auditor is to determine the procedures and the method of their implementation, which will ensure the auditor's formation of an objective opinion and conclusion regarding the object of the audit [6].

According to ISA 500, Audit Evidence, review, as an audit procedure, means the examination of records or documents, internal or external, in paper, electronic or other form, or the physical examination of assets. The examination of records or documents provides audit evidence of various degrees of reliability depending on their nature and sources of obtaining information, as well as in the case of internal records or documents - depending on the effectiveness of internal control measures over their formation.

In the course of the audit, the auditor examines documents and displays information in accounting registers. It should be noted that this is one of the most important audit procedures. The inspection of fixed assets implies that the auditor checks the primary documents from the accounting of fixed assets.

By conducting such an audit procedure as an inspection, the presence, preservation, maintenance and use of fixed assets is established, that is, proof of their actual existence is established. Inspection of tangible assets can provide reliable audit evidence of their existence, but will not necessarily provide information about the right and obligations of the business entity or the valuation of assets [7].

Observation is the supervision of a process or procedure performed by others, such as an auditor's observation of the inventory process performed by the entity's personnel or the performance of internal controls. In order to make sure of the correctness of the inventory, the auditor observes the inventory at the audited enterprise. The auditor determines whether all fixed assets are assigned to materially responsible persons, checks the correctness of the organization of analytical accounting, determines the correspondence of the analytical accounting data of fixed assets to their balance on account 10 "Fixed assets", the balances of the general ledger – to the balances in form No. 1 Balance (Report on financial condition).

The external confirmation procedure is used by the auditor in cases of establishing the presence of primary documents on the accounting of fixed assets, regarding the balances on accounting accounts, the presence of agreements that the business entity has with third parties, the presence of assets on lease or in storage with third parties. External confirmations are used to obtain audit evidence regarding certain assertions in financial statements. Their use is appropriate also when checking the status of payments for completed construction works

between the enterprise and the contractor. According to ISA 505 "External confirmations", depending on the circumstances of the audit, audit evidence in the form of external confirmations obtained directly by the auditor from the parties providing confirmation may be more reliable than evidence prepared by the entity itself [8].

Re-performance is the auditor's independent performance of internal control procedures or measures that have already been performed as part of the entity's internal control measures. This procedure is carried out using the same initial data in order to confirm (or detect a deviation) the previously obtained result (conclusion, decision). Simultaneously with the confirmation (or non-confirmation) of the result, a check of the calculation procedure (algorithm) is also carried out, in particular, a repeated revaluation of fixed assets. This procedure has a fairly high degree of proof, especially in case of detection of inconsistencies, deviations, deception or error.

Analytical procedures are used to identify the presence or absence of unusual or incorrectly reflected facts and results of economic activity, which, in turn, determine areas of potential risk and require special attention of the auditor. The ability to perform analytical procedures throughout the entire audit process makes it possible to improve its quality and reduce the time spent on conducting it.

When conducting an audit of fixed assets, such a procedure as an inquiry is used. It often complements other procedures during an audit. The request is a search for financial and non-financial information from knowledgeable persons both within the business entity itself and outside of it.

**Conclusions.** Summarizing the above, it can be stated that the organization and methodology of the audit of fixed assets is reflected in the plan, program and supplemented by regulatory support. The formation of the main strategy and directions for the inspection of fixed assets are reflected in the audit plan. The audit program is a list of actions (procedures) performed by the auditor at each stage in order to obtain audit evidence, i.e. sources of information, based on the study of which conclusions should be drawn based on the results of the audit. As mentioned earlier, the assessment of the internal control system, which, in turn, depends on the literacy, competence and professionalism of the auditor, has a significant impact on determining the type and scope of audit procedures.

It should be noted that the reason of the problems emerging in the audit of fixed assets is the imperfection of the system of accounting for fixed assets. An important part of the accounting work is the formation of the accounting policy of fixed assets. The accounting policy of the enterprise in terms of fixed assets consists in the selection and implementation of the optimal option for the term of their useful use, evaluation and method of calculating depreciation.

Formation of the fixed asset accounting policy, improvement of the forms of primary fixed asset accounting documents, automation and digitization of fixed asset accounting, implementation of changes to P(S)BO 7 "Fixed Assets" in connection with their adaptation to today's business conditions and with the aim of harmonizing with IFRS.

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