

## Organizational Aspects of the Audit of Fixed Assets

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**Abstract.** *This article covers the issues of creating and conducting an audit of fixed assets and an audit program for fixed assets, conducting audits based on national and international auditing standards.*

### Introduction

In the following years, the attention to the auditing activity around the world has increased. Including the fact that the financial statements of the economic entities were audited and the auditing companies did not warn them about the economic difficulties, shows the problem of trust in the audit. In addition, the bankruptcy of the audit company "Arthur Anderson", which is part of the "big five", showed that they pay a lot of attention to this issue. Today, the effectiveness of the economic activities carried out by the state, the implementation and operation of issues aimed at the privatization of joint-stock companies and the attraction of foreign investors, the development of directions for the development of the economy, and the strengthening of the marketing service in many ways form the processes of "the quality of the audit and the objectivity of its conclusions". depends on the level of doing.

In our opinion, the experience of the organization of auditing activities in the USA can be the basis for the organization of auditing processes.

As a result of their study, they can be grouped as follows:

- separation of audit objects, that is, audit services within state organizations, public organizations and private enterprises;
- correct determination of the tasks of the audit, control over the receipts and expenses of entities, financial results in their financial reports, control of the preservation of property in necessary cases, etc.
- strengthening the sphere of influence of audit organizations serving in the regions.

The decision on the results of the audit is made by the head of the relevant department that has entered into an agreement with the internal audit service to provide audit services. The development of audit activities in the Republic of Uzbekistan is currently accelerating. In addition, on February 25, 2021, the updated law on improving audit activity came into force with changes in the new version No. 677. [1].

## **Materials and methods**

Auditing of fixed assets, as in other objects of audit, is becoming more and more relevant today. Whether it is a mandatory audit or a voluntary audit, the focus of an audit is on the examination of fixed assets.

In the process of audit conducted by internal and external audit, the main attention is paid to the audit of fixed assets. In our opinion, it is appropriate to organize an audit of fixed assets based on the following sequence:

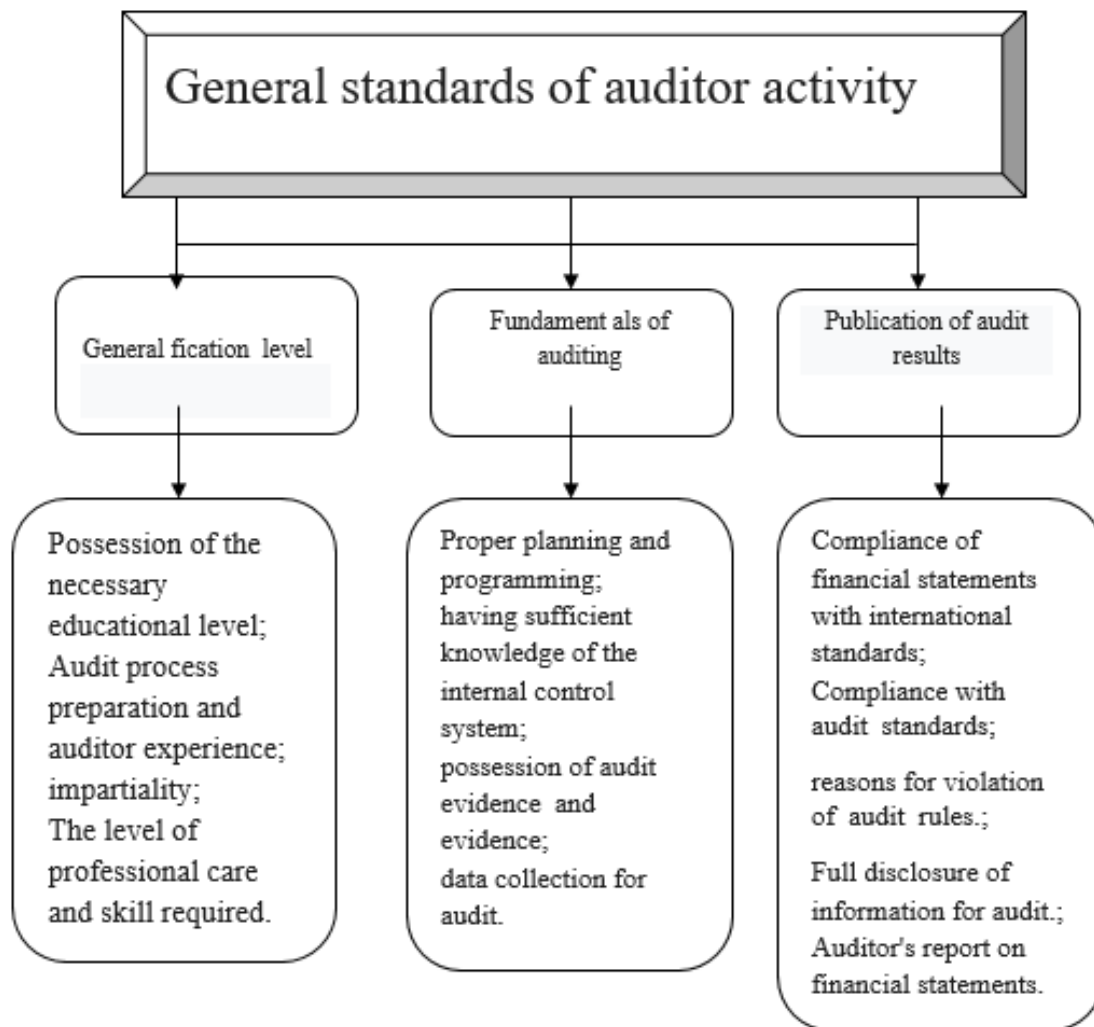
- control over formalization of initial documents on fixed assets and organization of its analytical account;
- audit of correct registration of fixed assets in account registers and synthetic accounts;
- audit of income of fixed assets;
- verification of depreciation of fixed assets;
- controlling the application of accelerated depreciation on fixed assets based on international financial reporting standards;
- checking the validity and correctness of repair of fixed assets and estimates;
- control that the disposal of fixed assets is appropriate;
- checking the lease of fixed assets, receipt of lease payments;
- verification of the correct determination of financial results on the sale of fixed assets and other outflows;
- checking the procedure of inventorying in the enterprise and its results with the help of audit procedures.

Our President Sh. Mirziyoev said: "Modernization of networks and regions, increasing their competitiveness, development of export potential should be in the center of our constant attention.

For this, it will be necessary to further attract foreign investments and advanced technologies and information and communication systems to all areas. On this basis, we need to increase the gross domestic product of our country by more than 2 times by 2030"

## **Results**

According to international practice, including international audit standards, it can be grouped into the following types.



Drawing 1. General standards of auditing

Therefore, the standards of audit activities depend primarily on the professional qualifications of the auditor, his skills and the correct preparation of the audit plan and program. The result of the audit activity is concluded by the audit conclusion, and its form depends on the results of the audit. Summarizing this issue, economist-scientist A. Rizakulov expressed the following opinion:

"In general, audit activities directly serve to provide directions for the economic development of economic entities, together with the analysis of the economic situation of the enterprise and the provision of appropriate conclusions." [5].

It is important to constantly modernize the main tools and use them effectively in enterprises. Some work has been done in Uzbekistan on this issue, including modernization of production, technical and technological development in the development strategy of New Uzbekistan for 2022-2026, which consists of the following seven priority areas, which were developed based on the principle of "From the strategy of actions to the strategy of development" as a result of public discussion. Important tasks have been defined in terms of carrying out an active investment policy aimed at the implementation of modernization, transport-communication and social infrastructure projects [3]. The use of the above suggestions in determining and selecting the activities of auditing firms and the qualifications of auditors for the organization, planning and use of quality audit services in enterprises will lead to positive results. Determining the audit strategy by the auditor is important. An audit is usually always limited to a certain period. Because of these inspections, the audit of large and medium-sized enterprises is not always successful. Therefore, it is necessary for the auditor to determine the audit strategy, taking into account the personal characteristics of each economic entity, including the correct and high-quality preparation of the audit plan and program.

It includes:

- review of information collected about the client's activity;
- preliminary assessment of the risk and effectiveness of internal control;
- is to determine the nature and duration of the inspection of separate groups of operations.

The audit strategy should take the form of a written plan prepared by the auditor.

This includes:

- preliminary determination of the size and type of necessary tests;
- assessment of the costs of their transfer;
- mutual agreement with the client on all the main issues before the start of the investigation;
- to perform an audit at this client and to have evidence supporting its quality;
- obtaining information about the client's business (type of activity, structure and communication, policy, legal status).

"The audit evidence used during the audit of fixed assets depends on the accounting policy adopted by the enterprise.

These are log-ordered, memorial-ordered, simplified, oriented for computer processing, as well as the list of used registers, their structure, the regularity of entries in them and the methods of writing are determined.

However, regardless of what form is used for accounting of operations on fixed assets, it should not be forgotten that the initial accounting documents must be formalized in the following generalized inter-departmental forms:

- Form AV-1 - certificate of acceptance-handover of fixed assets (bill of lading);
- Form AV-3 - certificate of acceptance-handover of repaired, restored and modernized objects;
- AV-4 - certificate of write-off of fixed assets;
- AV-4a - certificate of deregistration of motor vehicles;
- AV-6 - inventory sheet for accounting of fixed assets, etc. [6].

In our opinion, the audit strategy of the auditor is based on the choice of the most reasonable ways to achieve the purpose of the audit and depends on the auditor's experience, qualifications, long-term cooperation between the auditor's organization and the client, that is, the level of knowledge of the client, the nature of the issues to be solved in the audit, and other factors. In our opinion, the audit strategy of the auditor is based on the choice of the most reasonable ways to achieve the purpose of the audit and depends on the auditor's experience, qualifications, long-term cooperation between the auditor's organization and the client, that is, the level of knowledge of the client, the nature of the issues to be solved in the audit, and other factors. The audit program develops the overall plan of the audit and includes a detailed list of the contents of the audit framework rules necessary for the actual implementation of the audit plan.

The program serves as a detailed guide for auditor assistants and at the same time is a tool for monitoring the quality of work for the heads of the audit organization and the audit team.

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The auditor must document the audit program, mark each performed audit procedure with a number or code, in such a way that the auditor will be able to refer to the clients in his work documents during the work process.

Table 1  
AUDIT PROGRAM

The audited organization is "Galla-Alteg" JSC

Audit period 15.03.2023-20.03.2023

Number of person-hours

Audit team leader \_\_\_\_\_ Kholboeva L.

The composition of the audit team is Usmanov U., Farmanov O.

Planned audit risk 6%

Planned Severity 4%

	<b>List of audit activities by audit departments</b>	<b>Transfer period</b>	<b>Executor</b>	<b>Working papers under review</b>	<b>Notes</b>
1.	On account of fixed assets documents and their formalization check	15.03.2023	Kholboeva L.	13 Journal-order	
2.	Checking the income and expenditure account of fixed assets	15.03.2023	Farmonov O.	13 Journal-order, relevant reports on fixed assets	
3.	Depreciation calculated on fixed assets and checking their correct reflection in the account	16.03.2023	Usmanov U.	13 Journal-order, relevant reports on fixed assets	
4.	Repair of fixed assets and checking of expenses on them	16.03.2023	Kholboeva L.	13 Journal-order, estimate, bank document	

Has the right to sign audit conclusions

Head of the audit organization: L. Kholbaeva.

Head of the audit group: O. Farmanov

**Summary**

In our opinion, audit procedures include a detailed examination of the accounting records to ensure that the turnover and balance of the accounts are correctly reflected. An audit trail program will consist of a list of auditor activities for such specific detailed inspections. According to the rules, the auditor will have to determine what sections of the accounting account to check and create an audit program for each section of the accounting. The audit program may be revised depending on the changes in the conditions of the audit and the results of the audit procedures. The reasons and results of changes should be documented.

The auditor's conclusions on each section of the audit program, which are officially reflected in the working documents, are considered the basis for the audit report (written information to the management of the business entity) and the basis for drawing up the audit conclusion, as well as the basis for forming an impartial audit opinion on the financial statements of the business entity.

Based on the above, we believe that it is necessary to create a program of auditors conducting audits in this order when conducting an audit of fixed assets. If this procedure is widely used in national audit organizations, the ground will be created for the creation of a low-cost, less time-consuming, and at the same time accurate plan of the audit.

### **List of used literature**

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2. Mirziyoev Sh.M. We will build a free and prosperous democratic country of Uzbekistan together.-T."Uzbekistan", 2016.-28 p.- B15-16.
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4. Sbornik Mejdunarodnykh Standartov Audita. Vyrajeniya uverennosti i etiki.-Almaty, 2007.-1260s.
5. Rizakulov A.A. , Narziev R. Audit. Tashkent: "Qatortol-kamolot", 1999.-195 p.
6. Audit Volume 1. Tashkent. OBAMA, 2004. 182p. -B.111.
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