



## Analysis Of Audit Procedures On Fixed Assets At Pt. Idt By Kap Djoko Soerjadi

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**Abstract.** Fixed asset audit is an important procedure in ensuring the accuracy and reliability of information about fixed assets that have been reported in the financial statements. The value of fixed assets decreases in accordance with its useful life or what is called depreciation. Depreciation will affect the book value of fixed assets presented in the statement of financial position and also become a deduction component of profit before tax in the income statement. Therefore, an audit of fixed assets is important to be carried out by a public accounting firm that is conducting an audit. This study aims to determine the audit procedures on fixed assets carried out by KAP Djoko Soerjadi in auditing one of its clients, namely PT IDT which is engaged in ship rental and agency services. The research method used is a qualitative research method with a descriptive analysis approach, through collecting, classifying, compiling, and presenting and analyzing data obtained from PT IDT. Audit procedures that have been carried out by KAP Djoko Soerjadi are in accordance with applicable audit theories and standards.

**Keywords** Audit, Fixed Assets, Depreciation.

### 1. INTRODUCTION

Financial statements are records that contain a collection of financial information summarized or compiled from financial transactions in a certain period that can show the company's financial condition and performance in that period. In addition to being used in internal needs, financial reports are also needed by external users, for example as a basis for assessment for lenders. According to the Indonesian Institute of Accountants in "Financial Accounting Standards" (2009: 3), users of financial statements are current and potential investors, employees, lenders, suppliers and creditors, customers, government and other institutions and the public. Based on this statement, the financial statements are information that will be the basis for assessing the company's financial condition and performance in a period and will be the basis for decision making by those who use the financial statements.

Through audit services provided by a Public Accountant (AP) where the AP is an independent party, a financial report can be assessed for the fairness of the presentation of the financial statements that have been prepared. Audit is the process of collecting and evaluating evidence related to information to determine and report the degree of conformity between the information obtained and predetermined criteria, audits carried out by competent and independent parties (Alvin et al., 2015: 2). Public Accountants (AP) in conducting an audit will require documents that can support the information that has been

presented in the financial statements and will be used in preparing an opinion containing an assessment of the presentation of financial statements.

PT IDT is a service company that provides ship rentals and agencies. The ship is an asset or fixed asset owned by PT IDT and is a component used in its business processes. Fixed assets are a constituent component of financial statements and have a depreciation or decrease in value that affects the book value that will be reported in the financial statements of PT IDT. Agoes (2012) states that fixed assets are assets with a very large amount of total assets. Therefore, KAP Djoko Soerjadi conducted an audit of fixed assets to ensure that the value presented in the financial statements has been presented fairly and the depreciation has been calculated in accordance with the standard and consistent in using the standard in the calculation of depreciation.

Based on this explanation, the authors conduct a detailed discussion of the fixed asset audit process at KAP Djoko Soerjadi. The title of this research is "**Analysis of Audit Procedures on Fixed Assets at PT IDT by Kap Djoko Soerjadi**".

## **2. LITERATURE REVIEW**

### **A. Audit**

Audit is a critical and systematic examination by an independent party of the financial statements that have been prepared, along with accounting records and supporting evidence, with the aim of providing an opinion on the fairness of the financial statements (Agoes, 2012). According to Mulyadi (2009) auditing is a systematic process for obtaining and evaluating evidence objectively regarding statements of economic activities and events, with the aim of determining the level of conformity of the statement with predetermined criteria, as well as delivering results to those concerned. So, an audit is a process organized to examine records and supporting evidence with the aim of determining the fairness and suitability of information.

### **B. Audit Evidence**

As for the audit process, audit evidence is needed to support the information that has been compiled in the financial statements. According to Auditing Standard 500 (SPAP, 2016) audit evidence is information used by auditors in reaching conclusions that underlie audit opinions. According to Hery (2015: 51) audit evidence is information that the auditor will use to determine the conformity between what is audited and certain predetermined criteria.

### **C. Audit Procedure**

Audit procedures on fixed assets, is a procedure performed to ensure that what has been reported in the financial statements have been reported fairly and there is evidence that can support fixed assets reported. According to Arens (2009), fixed asset audit procedures related to balances, in general, that exist in companies are as follows:

1. Analytical Procedure This procedure aims to determine the potential for material misstatement of fixed assets at the end of the period
2. Verification of Fixed Asset Transaction Mutations Verify additions and deductions of fixed assets in the current year because these mutations will affect the financial statements. This stage is also used by auditors to ensure the economic life of each fixed asset.
3. Verification of Depreciation Charges Comparing the depreciation charged each year, checking whether or not the calculation is consistent in the use of the depreciation calculation method.
4. Verification of Ending Balance of Accumulated Depreciation Verify the depreciation balances each year, whether they have been recorded correctly and the accumulated amount is in accordance with the amount charged, so that there is no material misstatement in the accumulated depreciation.
5. Verify the fixed asset account balance The auditor ensures that the fixed asset balances in the financial statements match the balances in the general ledger.

### **D. Public Accountant Professional Standards (SPAP)**

Public Accountant Professional Standards are the result of the development of professional standards for public accountants which began in 1973. The initial development of this standard was prepared by the Indonesian Institute of Accountants organization called the Accountant Examination Norms Committee. This committee developed a standard called the Accountant Examination Norms which focused on auditing services for historical financial statements. Rapid changes in the business environment in the nineties required the public accounting profession to improve the quality of audit services on historical financial statements, attest services, and accounting and review services. The Indonesian Institute of Accountants (IAI) responded with a landmark decision containing, first, a name change from the Accountant Examination Norms Committee to the Public Accountant Professional Standards Board and, second, a name change of the standards resulting from the

Accountant Examination Norms to the Public Accountant Professional Standards (SPAP).

Public Accountant Professional Standards is a codification of various statements of technical standards and ethical rules. The standard statements codified in SPAP consist of auditing standards statements, attestation standards statements, accounting and review services statements, consulting services statements, quality control standards statements. Financial statement audits use the statement of auditing standards to carry out the audit process in accordance with predetermined standards, for example in Audit Standard 500 which contains audit evidence. Auditing Standard 500 describes audit evidence in financial statement audits, and relates to the auditor's responsibility to design and perform audit procedures to obtain sufficient and appropriate audit evidence to draw adequate conclusions on which to base the auditor's opinion.

#### **E. Code of Conduct**

According to the 2021 Public Accountant Professional Code of Ethics published by the Indonesian Public Accountants Association (IAPI), there are five basic ethical principles for members, namely integrity, objectivity, competence and professional prudence, confidentiality, professional behavior. These five basic principles are standards of behavior that must be owned and obeyed for a public accountant in carrying out his duties. Based on compliance with the code of ethics, it is expected that public accountants are responsible for acting in the public interest, not considering the preferences or requirements of clients.

#### **F. Fixed Assets**

According to Rudianto (2012), fixed assets are tangible assets owned by a company with a relatively permanent nature and used in company activities, and not for sale. Fixed assets are included in one of the significant accounts in the company's total assets so that it must be audited to find out the risks that exist, for example the risk of material misstatement. The Indonesian Accounting Association (IAI) defines fixed assets in the statement of accounting standards (PSAK) No. 16 (2012, p.16.1) "Fixed assets are tangible assets that:

- a. Owned or used in the production or supply of goods or services for rental to others, or for administrative purposes; and
- b. It is expected to be used for more than one period.

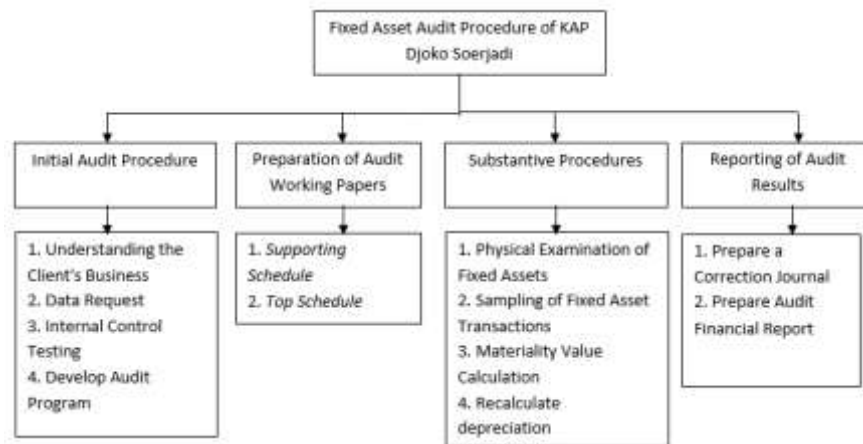
Fixed assets are assets or assets that will decrease in value over time in accordance with their economic life, which is referred to as depreciation or depreciation. Depreciation of fixed assets is the process of recognizing the reduction in value of fixed assets over their useful lives. Donald Kieso (2009) states that depreciation is an accounting process in allocating the cost of tangible assets to expenses in a systematic way over the period expected to benefit from the use of these assets. According to PSAK No. 16 Paragraph 6, depreciation of fixed assets is the systematic allocation of the depreciable amount of an asset over its useful life. So based on this statement, depreciation can be concluded as a decrease in the economic value of fixed assets over time. The main purpose of depreciation is to record the reduction in the value of fixed assets that occurs due to use and physical depreciation over their useful lives. This helps reflect the proper expenditure of assets during the company's operations.

### **3. METHODS**

The research method used is a qualitative method with descriptive analysis. This method was chosen with the aim that the research can provide an overview of the audit procedures on fixed assets conducted by KAP Djoko Soerjadi. The data used in this study were obtained from interviews, observations and also documents.

### **4. RESULTS**

KAP Djoko Soerjadi in conducting an audit of fixed assets owned by PT IDT has established a procedure to achieve audit objectives. The procedure used is described as follows:



### A. Initial Audit Procedure

The initial audit procedure is the initial stage in the fixed asset audit process carried out by KAP Djoko Soerjadi after the audit engagement is received. The first stage carried out by the auditor is to understand PT IDT's business. Understanding the client's business helps the auditor to determine an effective and efficient audit plan and program in accordance with the client's business. After understanding the client's business, the auditor will request data that will be used in the audit process on fixed assets, namely annual financial statements, fixed asset ledgers, lists of

assets owned, proof of ownership, credit or leasing agreements, and proof of transactions. Furthermore, KAP Djoko Soerjadi conducted tests on the internal controls contained in PT IDT to identify potential risks that could occur through interviews and observations. Through internal control testing, KAP Djoko Soerjadi can determine how deep the substantive procedures should be carried out, the better the internal control, the less substantive testing that needs to be done. Substantive procedures are used by auditors to conduct detailed and in-depth examinations related to fixed asset transactions. This stage will be used by the auditor to develop the audit work program.

An audit work program is a systematic plan that contains procedures to be carried out in the audit phase. The preparation of the audit work program will be based on the risks that have been identified related to the client's business and adjusted to the relevant audit objectives, then the auditor will determine the procedures that must be performed to address these risks. The objective of an audit of fixed assets is to test management assertions. There are 5 assertions that must be achieved, namely

completeness, existence, rights and obligations, valuation and measurement, and presentation and disclosure.

## **B. Preparation of Audit Working Papers**

Furthermore, after performing initial audit procedures and creating an audit program. KAP Djoko Soerjadi will prepare audit working papers that will be used to conduct an examination of the account balances. This audit working paper will assist the auditor in detecting significant errors in the financial statements. The preparation of audit working papers must also be made in accordance with the procedures listed in the audit program. The following audit working papers were prepared by KAP Djoko Soerjadi as follows:

- a. Supporting Schedule Supporting schedule is a working paper containing fixed asset accounts in detail, after the preparation of the supporting schedule is appropriate. The auditor checks the balances contained in the supporting schedule in detail, which will be tickmarked according to the checks carried out.
- b. Top Schedule Top schedule is the main working paper that contains a summary of the details of the accounts contained in the supporting schedule of fixed assets. The top schedule will later be used as the basis for the fixed asset balance contained in the audit financial statements.

## **C. Substantive Procedures**

Substantive procedures according to Soasanto et al. (2023) is carried out to verify whether the transactions recorded in the financial statements actually occurred, complete and recognized in accordance with the appropriate accounting period. In this stage, the fixed asset audit procedures carried out by KAP Djoko Soerjadi in substantive procedures include physical inspection of fixed assets, sampling of fixed asset transactions, materiality, and recalculation of fixed asset depreciation. Physical examination of fixed assets is done to ensure that the fixed assets do exist in its physical form and cross check the proof of ownership to be able to believe that the asset is the ownership of PT IDT.

Furthermore, the auditor will conduct sampling of transactions related to fixed assets by vouching with a minimum of 20% of the total transactions that occur in fixed assets. KAP Djoko Soerjadi in vouching for fixed asset accounts, uses basic evidence in the form of proof of payment and also invoices for transactions that occur. After vouching, the auditor will calculate the materiality value. According to Auditing

Standard 320 on "Materiality in the Planning and Execution Stage of the Audit" auditors must determine materiality to assess the risk of material misstatement. After the materiality calculation is completed, KAP Djoko Soerjadi conducts an examination or recalculation of fixed asset depreciation.

The auditor in recalculating the depreciation of fixed assets, will examine the acquisition cost of fixed assets, the date of acquisition of fixed assets, the depreciation calculation policy used and also the grouping of fixed assets that have been carried out by PT IDT. At this stage, the auditor found that there was an incorrect grouping of one of the assets owned, where PT IDT recognized AC assets as group 3 which has a useful life of 16 years. Meanwhile, in accordance with the Minister of Finance Regulation No. 96/PMK. 03/2009, AC should be grouped in group 2 with a useful life of 8 years.

#### **D. Reporting of Audit Results**

So, based on the findings found by KAP Djoko Soerjadi in the form of an AC grouping error, a correction was made so that the AC was recognized as a group 2 fixed asset with a useful life of 8 years. This finding does not result in an error in the calculation of depreciation that has been carried out, because even though AC is recognized as group 3, PT IDT still calculates the depreciation of AC assets with a useful life of 8 years. So there is no need to make corrections to depreciation, and can proceed to the next stage, namely the preparation of the audit financial statements.

The audit financial report is prepared based on the findings that have been corrected and from the results of the analysis of the audit process that has been carried out. This audit report will include an Independent Auditor's Report (LAI) which contains an opinion that has been formulated by the auditor based on evidence and the results of the analysis of the audit process that has been carried out by KAP Djoko Soerjadi. In accordance with SA 700 (Revised 2021) concerning "Formulation of an Opinion and Reporting on Financial Statements" states that the opinion prepared on the financial statements is based on an evaluation of the conclusions drawn from the audit evidence obtained and expresses an opinion clearly through a written report.

## **5. DISCUSSION**

Audit procedures on fixed assets that have been carried out by KAP Djoko Soerjadi have been in accordance with the theory and applicable accounting standards. As for the results of the initial stage in the form of understanding the business and understanding



internal control. According to SA 315 (Revised 2021), procedures in risk assessment can be carried out through observation and inspection. This stage shows that the internal control owned by PT IDT can be said to be good through the interview and observation process that has been carried out on the basis that PT IDT has good data archiving by using technology that can assist in data archives in the form of using cloud storage.

Furthermore, the substantive audit process that has been carried out shows that there are no material misstatements or errors. The finding in the form of incorrect grouping of one of the assets in the grouping has been corrected and recognized in the correct group so that there is no misstatement that can affect the results of the opinion formulated by KAP Djoko Soerjadi. The vouching that has been carried out by KAP Djoko Soerjadi is also in accordance with SA 530 (revised 2021) concerning "Audit Sampling" where in carrying out the sampling process, the auditor determines an adequate sample size to represent a population of transactions.

The presentation and disclosure of fixed asset balances that have been presented in the financial statements of PT IDT are reasonable and in accordance with the accounting standards used. PT IDT uses the Financial Accounting Standards for Entities Without Public Accountability (SAK-ETAP) in the preparation of its financial statements. Where fixed assets at the beginning of their ownership will be recognized at cost and experience impairment or depreciation in accordance with their useful life. The calculation of depreciation carried out has also been in accordance with the Law of the Republic of Indonesia No. 36 of 2008 Article 11 where non-building fixed assets have been grouped into 4 groups.

## **6. CONCLUSION**

Fixed asset audits that have been carried out by KAP Djoko Soerjadi based on the results and discussion have been in accordance with the procedures of the Public Accountant Professional Standards (SPAP). The procedure starts from conducting an initial audit to understand the client's business and preparing an appropriate audit work program, followed by preparing audit work papers that will document the audit process carried out, and performing substantive procedures to conduct a more detailed examination of the balance.

Finally, the auditor reports the audit results which will be used in the formulation of opinions. The opinion prepared has followed SA 700 (Revised 2021) where the opinion is formulated based on the evaluation of the evidence received during the audit procedure.

Based on the audit procedures that have been undertaken, there are no material misstatements, and the presentation of fixed assets is in accordance with the Financial Accounting Standards for Entities Without Public Accountability (SAK-ETAP).

This study describes the analysis between the applicable theory and also the application that occurs in the professional world to the audit process, especially the audit of fixed assets. The object used as research to show that the audit conducted by KAP Djoko Soerjadi has been in accordance with applicable audit standards is PT IDT. The audit process that has been carried out at PT IDT can provide an overview that the fixed asset audit process carried out by KAP Djoko Soerjadi has followed the applicable audit standards and in accordance with existing theory. It is hoped that this research can help and be useful for readers in insight into the audit process of fixed assets contained in KAP Djoko Soerjadi.

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