UAB Raimda auditas

Company code 302509547 VAT code LT100005399614

Dobilų g.8 Neveronys Kaunas district

Office address: Karaliaus Mindaugo pr.68-11, Kaunas, Lietuva LT-44351

Tel.: +370 37 206980; +370 61654450 raimda.audit@raudit.lt [www.raudit.lt](http://www.raudit.lt/)

***To the Ministry of Finance of the Republic of Lithuania***

Regarding the performance of an inventory of intangible assets and information technology audit

REQUEST\_1

6 May 2020

Paragraph 7 (seven) of the Regulations of Article II *Object and Periodicity of Inventory* of the Resolution No. 719 of the Government of the Republic of Lithuania *On the Approval of the Inventory Rules* (hereinafter - the Rules) of 3 June 1999 (current wording as of 1 June 2018) states that “Entities, other than public sector entities, **must make an inventory of all assets** and liabilities at least once a year before the annual financial statements are drawn up on the basis of data no later than the last day of the financial year, and entities with seasonal activities must take stock of inventories for the period during which they have the lowest stock balances, but not earlier than 6 months before the end of the financial year”.

Paragraph 8 (eight) of the Rules states: “Public sector entities must make an inventory of all available assets and liabilities:

8.1. non-current assets, **except** for construction in progress, and intangible assets, biological assets, manufactured products, raw materials, materials, construction in progress and other inventories, other than those specified in Sub-paragraph 8.2 of the Rules, at least once a year and not earlier than 30 September of the reporting year.”

1. **Question**: How to understand the part “**except**” of Sub-paragraph 8.1 of the Rules (the part applicable to *public sector entities* only) correctly:
   1. Does the term “except” include ONLY **construction in progress**?
   2. Does the term “except” include “construction in progress” and “intangible assets”?
   3. Does the term “except” include “construction in progress, and intangible assets, biological assets, manufactured products, raw materials, materials, construction in progress and other inventories”?

Paragraph 39 of Article VI of the Rules states that “The balances of intangible ... assets are inventoried according to the relevant bookkeeping accounts”.

Paragraph 40 of the Rules states that “During the inventory of software, the actual documents of its acquisition and the available license agreements are inspected, the **actual quantity of software used** and its **compliance with** available acquisition documents and license agreements are determined”.

1. **Question**: Do we correctly understand that an inventory of intangible assets is an obligation for all entities, both private and *public*?
2. **Question**: In your opinion, should the **actual quantity of software and its compliance with the documentation** not be determined during an IT (information technology) audit?
3. **Question**: Continuation of the third question, if, under the *de facto* circumstances, the **actual quantification and compliance of the software** is **ONLY** possible during an IT (information technology) audit, how (by what method) can an inventory of intangible assets be properly carried out in accordance with the law?
4. **Question**: Is there a legal obligation to carry out an IT (information technology) audit for every entity, regardless of its legal form, including *public sector entities*?

Director and auditor of UAB Raimda auditas

Member of ACCA (Association of Chartered Certified Accountants) Daiva Žumbakienė