

Application of Auditor Professionalism Attitudes in the Audit of Assets and Cash KAP Rudiana Fibriani

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ARTICLE INFORMATION	ABSTRACT
<p>Received: 29th, July 2024 Revised: 2nd, Deember 2024 Accepted: 2nd, December 2024</p> <p><i>Keywords: Audit, Auditor, Professionalism, Cash, and Inventory</i></p>	<p>The aim of this study is to evaluate the effectiveness of the audit process in ensuring the accuracy and completeness of financial statements and to identify the auditor's role in enhancing corporate transparency and credibility. The research method used is descriptive with an exploratory approach. The audit process involves four main stages: planning and designing the audit approach, testing controls and transactions, performing analytical procedures and detailed testing of balances, and completing the audit and issuing an audit report. The results of this study indicate that a systematic and competent audit process can effectively identify errors and irregularities in financial statements, thereby enhancing the quality of information provided to users. Auditor professionalism—encompassing competence, independence, and adherence to ethical standards—plays a crucial role in ensuring the quality of audits. Auditors from KAP Rudiana Febriani demonstrate their effectiveness in evaluating internal controls, conducting physical verification of fixed assets, and ensuring the validity of asset ownership documentation. The audit process is essential for improving accountability and transparency in corporate financial management. This study underscores the importance of continuous auditor training and professional development to maintain proficiency and address challenges in the audit process. Furthermore, the article contributes by offering practical insights into audit practices that promote transparency and advancing academic discussions on the role of professionalism in enhancing the reliability of financial reporting.</p>

INTRODUCTION

Companies require assets to conduct their operational activities and generate profits. Each company has a strategy to minimize expenses and maximize revenue. The preparation of financial statements aims to determine the size of income and expenses. Financial reporting is an essential obligation for companies and organizations. The primary purpose of financial statements is to supply information to users, aiding them in making informed economic decisions. These statements provide detailed insights into a company's financial status, performance, and overall financial position.

Current assets include cash, inventory, and others. One form of non-current assets is fixed assets. Fixed assets on the financial statements have a material value and a useful life of more than one year. Fixed assets impact the operational activities of a company. The useful value of fixed assets depreciates over time. Fixed assets that do not depreciate include land.

Cash is an object that often occurs fraud because cash is the most liquid material and has a small form compared to other assets (Andayani and Aprilia, 2020). As a current asset, cash requires an audit to reduce the risk of fraud or abuse related to company cash. Cash and asset checks are special book checks related to cash and asset transactions within a certain period of time. The examination of cash and assets includes research related to the completeness and validity of transactions in cash and assets. The examination aims to ensure that all transactions in the cooperative or company have actually occurred and no fictitious transactions have occurred.

Audits carried out by different companies or organizations aim to evaluate and verify the accuracy of all transactions executed by the company (Ramadhany *et al.*, 2021). This audit is carried out by a third party or external party who is independent and impartial to anyone in the company. The examination is carried out by parties who are competent in their fields, the examination is objective and impartial. The auditor is a third party in an examination. Auditors as independent parties need to avoid conflicts of interest in the company that can affect the results of the examination (Ruroh, 2016). The auditor's independence attitude is important so that the public can trust the audit results (Imansari, 2016).

LITERATURE REVIEW

A. Audit

Audit is a structured stage in the collection and assessment of evidence related to statements about certain actions (Jusup, 2014). Audit is an examination that is carried out critically and systematically on financial reports by an independent auditor, which have been prepared by management, including accounting records and supporting evidence, with the aim of providing an opinion on the fairness of the company's financial statements (Agoes, 2012).

Audit involves gathering financial statements to analyze evidence and information. This process aids in decision-making and reports the degree of alignment between the available information and the established criteria (Arens *et al.*, 2015: 2). Audit in general is an objective evaluation and examination of evidence of reports on economic activities, which aims to assess the conformity of statements with applicable standards and communicate the results to related parties (Hasanah & Putri, 2018).

B. Auditor

Auditor is a professional field with a focus on auditing activities. According to Wuysang *et al.* (2016) Auditors are tasked with conducting audits on various financial-related reports from an institution, agency, or company. Auditors have the task of preparing and conducting appropriate audits by collecting reliable audit evidence (Cahyo and Winarto, 2022). Auditing standard (SA) 200 (2012) regarding Professional Skepticism explains as follows:

1. Professional skepticism is the act of being alert to report evidence that contradicts evidence already obtained. Vigilance relates to information on the reliability of documents and responses as audit evidence, indications of fraud, and conditions that require additional audit procedures beyond those required by Auditing Standards (SA).
2. Apply professional skepticism to reduce risks such as failing to recognize unusual conditions, drawing general conclusions from audit observations, and using inappropriate assumptions.

C. Assets and Inventory

Assets serve as capital that can provide economic benefits, both directly and indirectly. Fixed assets, which consist of tangible and intangible elements, offer advantages to an organization for more than one year. The value and usefulness of fixed assets may decrease over time, though land typically increases in value each year. This underscores the importance of detailed audits of fixed assets. Asset optimization is a strategic management practice designed to maximize the physical attributes, economic value, location, legal status, quantity, and overall efficiency of these assets. (Zainuddin *et al.*, 2023).

Fixed assets are tangible assets that have an economic life of more than one year and significant value (Niswonger *et al.*, 1999). These assets are used in the company's operational activities and are large expenditures. Fixed assets have a useful life and usefulness in line with their use or utilization, so that companies or cooperatives have an obligation to present information about the value of fixed assets that can be relied on so that auditors can draw decisions in managing activities, which include planning, budgeting, procurement, utilization, use, release, exchange, and elimination (Somad, 2016).

RESEARCH METHODS

Audit Process

The audit process involves a systematic examination phase, requiring adherence to established standards. This process is a well-defined and structured methodology designed to help auditors gather reliable supporting evidence (Arens and Loebbecke, 2006). There are four audit stages, that is:

1. Develop and design audit strategies
2. Checking and controlling transactions
3. Perform analytical procedures and detailed testing of balances.
4. Completing the inspection and issuing the report.

Professionalisme Auditor

In practice, auditors must have expertise in economics. Essential competencies include process testing, obtaining relevant licenses, belonging to professional associations, and adhering to ethical codes. These factors collectively underpin professionalism in auditing. The criteria for professionalism typically involve the ability to perform tasks effectively within one's field, adherence to industry standards, and compliance with established professional ethics (Herawati and Susanto, 2009). The level of measurement of a professional auditor according to Hastuti *et al.* (2003) has five elements, that is:

1. Professionalism is a dedication to the profession, a form of responsibility in the implementation of the knowledge and skills possessed. Examination of financial statements has various patterns that can cause errors, so it is necessary to make effective audit planning.
2. Professional attitude towards coworker relationships.
3. Social responsibility in professionalism, the role of the profession as an auditor has an important view for society. This is because the auditor is a bridge as a provider of the validity of financial statements for a company which will later provide the results of its examination.
4. Professionalism of independence, an auditor can determine the level of materiality independently without being influenced by other parties. Auditors have a neutral or impartial attitude towards one party. Auditors must have freedom in independence.
5. Belief in professional rules, auditors have confidence in the assessment of an audit field is fellow professionals. The professionalism of auditors must be increased so that they are accountable to themselves or others.

Auditors' code of professional conduct

Auditors are required to follow established guidelines throughout each phase and aspect of their examination procedures. The Indonesian Institute of Public Accountants (IAPI) holds the authority to set standards and regulations that apply to its members, including independently operating public accounting firms. Guidelines for auditor behavior include:

1. Auditing Standards, guidance in the examination of financial statements. This standard is issued by the IAPI Public Accountant Professional Standards Committee.
2. Standards for the preparation and examination of financial statements, the IAPI SPAP Committee makes accountability related to the public accountant's statement regarding the unaudited financial statements of a company.
3. Attestation standard, is a statement given independently by a competent person that states whether the assertion is in accordance with the specified criteria or not.
4. Consulting Services Standards, the public accounting profession that provides consulting services to clients has its own guidelines. Public accountants are required to be able to present findings, provide conclusions and recommendations.

5. Quality Control, Quality Control Standards require KAP to comply with the standards issued by the Indonesian Institute of Certified Public Accountants Professional Standards Board (DSPAP IAPI), as well as follow the Ethical Rules issued by IAPI to control its quality.

Auditor Professionalism to Materiality

Information standards in a financial report for users have materiality guidelines that must be accepted by members of the accounting profession. Accountants need to decide the level of materiality by considering how much information is considered important (Wahyudi and Mardiyah, 2006). According to Arens and Loebbecke (2006: 20) Materiality is a measure of the magnitude of errors in accounting information that is relevant to related conditions, the possibility of decision-making errors is influenced by parties who have an influence on this information. Therefore, the Auditor must show a neutral attitude and nature or not be easily influenced by one of the parties, so that decision making is adjusted to the facts found in the field.

Materiality dictates that financial statements should present only significant information, excluding non-essential details. The auditor's consideration regarding materiality is a professional decision that is influenced by the auditor's view of individuals who need sufficient knowledge and are willing to trust the financial statements. (IAPI, 2007). The level of materiality is determined by the auditor when planning and conducting an audit of financial statements. Financial statements with indications of material misstatement result in the financial statements not being presented fairly in all material respects. According to Yendrawati (2008) Misstatements have the possibility of occurring in the application of accounting principles, deviating from existing facts, or omitting necessary information.

The importance of auditor professionalism in determining the level of materiality requires identifying the relationship between each dimension which includes: devotion to the profession, independence, belief in the profession, social obligations, and relationships between colleagues. Auditors have a role in submitting material reports that are in accordance with the facts found in the field.

Audit procedures of KAP Rudiana Febriani

KAP Rudiana Febriani as a provider of financial statement audit services applies discipline regarding the attitude of auditors. KAP Rudiana Febriani collects audit evidence objectively in order to collect audit evidence objectively related to the audited activity, which is then evaluated to ascertain whether the operations of the cooperative or company are in accordance with applicable standards. The auditor plays a role in calculating the amount of cash and cash equivalents and inventory checks and calculating the amount of inventory stock contained in the company or cooperative, then adjusting the total calculation to the total cash records provided by the company or cooperative.

The organizational structure at KAP Rudiana Febriani includes Partner, Senior Auditor, Junior Auditor, and Auditor. Junior Auditor duties include checking assets, cash-taking, stock-taking, and exit meetings. The fixed procedures carried out by KAP Rudiana Fibriani have the following fixed asset inspection procedure flow:

1. Understand the company's or cooperative's internal control over fixed assets

KAP Rudiana Fibriani also pays attention to environmental control, such as companies or cooperatives must first set the goals of the company or cooperative, so that everything that is carried out can be achieved. Like KAP establishes an education program for staff auditors to complete basic skills that are useful in carrying out their duties.

2. Addition and subtraction of fixed assets or risk assessment

KAP Rudiana Fibriani has never tested the possibility of impairment if there are significant changes, either in the use of assets or changes in the business environment that increase or decrease sharply.

3. Physically inspect the fixed assets and pay attention to the condition of the assets

KAP Rudiana Fibriani checks fixed assets to ensure that the assets in the field and the list of fixed assets provided by the client are the same and pay attention to the condition of fixed assets whether the asset has expired or has not expired.

4. Examination of proof of ownership of fixed assets of the company or cooperative

KAP Rudiana Fibriani checks the proof of ownership of the cooperative's fixed assets to ensure that it is really an asset belonging to the company or cooperative, because if there is an asset in the name or ownership not in the name of the company or individual it is not an asset belonging to the cooperative

and cannot be included in the list of cooperative assets, and this also supports the effectiveness of cooperative operations.

Professionalism of auditors at KAP Rudiana Febriani is demonstrated by their approach in questioning the clarity of financial reports from clients, particularly regarding discrepancies between field evidence and documentary evidence.

CONCLUSIONS

Audit process consists of a systematic examination phase that must comply with established standards. It encompasses four primary stages: planning and designing the audit approach, evaluating controls and transactions, conducting analytical procedures and detailed balance testing, and completing the audit and issuing the audit report. Professionalism of auditors is vital throughout this process. Auditors are required to have expertise in economics, adhere to ethical codes, and maintain the necessary skills and independence for effective performance. Key elements of auditor professionalism include commitment to the profession, interactions with colleagues, social responsibility, independence, and adherence to professional regulations. Additionally, auditors must adhere to behavioral guidelines set by Indonesian Institute of Public Accountants (IAPI), which cover audit standards, compilation standards, attestation standards, consulting service standards, and quality control standards.

Materiality is an important factor in auditing. Auditors must determine materiality based on their judgment regarding information that is considered material to users of financial statements. Decisions regarding materiality are professional decisions that are influenced by the auditor's perception of the needs of individuals who will trust the financial statements. Auditor professionalism in considering materiality involves recognizing the interrelationship between aspects such as dedication to the profession, independence, belief in the profession, social responsibility, and collaboration with fellow professionals.

Examination of financial statements by KAP Rudiana Febriani aims to assess the reasonableness of management related to transactions and fixed asset account balances within the company or cooperative. Cash and inventory inspection procedures conducted by KAP Rudiana Febriani are considered adequate and include:

1. Understand the internal control of fixed asset checks in companies or cooperatives,
2. Provide recommendations for the addition and reduction of fixed assets
3. Provide risk assessment recommendations,
4. Conduct a physical inspection of fixed assets and pay attention to the condition and value of fixed assets
5. Examination of proof of ownership of fixed assets of the company or cooperative,
6. Make documentation of asset checks by auditor staff.

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